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PSEUDORABIES ERADICATION PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON NUTRITION AND INVESTIGATIONS

OF THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON

INVESTIGATING THE FUNDING AND ADMINISTRATION OF THE PSEUDORABIES ERADICATION PROGRAM

JANUARY 17, 1990

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PSEUDORABIES ERADICATION PROGRAM

WEDNESDAY, JANUARY 17, 1990

U.S. SENATE, SUBCOMMITTEE ON NUTRITION AND INVESTIGATIONS OF THE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:05 a.m., in room SR-332, Russell Senate Office Building, Hon. Tom Harkin (chairman of the subcommittee) presiding.

Present or submitting a statement: Senator Harkin.

STATEMENT OF HON. TOM HARKIN, A U.S. SENATOR FROM IOWA

Senator HARKIN. The Senate Agriculture Subcommittee on Nutrition and Investigations will come to order.

Today we are having a hearing to investigate the funding for the Pseudorabies Eradication Program and some of the problems that have arisen with the administrative costs of this program. While on the one hand it appears that we have appropriated more money, on the other hand we get less. So someplace out there there is a magic disappearing act going on with some of this money, and I would like to take a look at that to see what is going on.

I want to thank the National Pork Producers and the Iowa Pork Producers for bringing this to my attention late last year. I wrote a letter to Secretary Yeutter toward the latter part of December pointing out some of these problems, asking for a response. We have gotten some response. There has been some correspondence going back and forth since that time between Mr. Eric Dee, the State Pseudorabies Advisory Committee chairman, and Dr. Hauser, the Assistant Veterinarian in charge, but we don't have anything conclusive from the Department yet. And we have people here from the Department today, Dr. Lonnie King, the Deputy Administrator for Veterinary Services for APHIS and Michael Gregoire, the Director of the Budget and Accounting Division of APHIS, to talk about this.

I must surmise that the people in this room know about pseudorabies. I do not know that this kind of a hearing invites standby people on the outside to come in. But again just for the record I want to point out my long-standing interest in the Pseudorabies Eradication Program. I was on the Ag Committee in the House, I think, when we first started, then here on the Senate side. It is a very serious economic threat to our Nation's pork producers. It has been estimated to cost the pork industry approximately $60 million a year. Iowa, as you know, is the leading pork producing State in the Nation; about 20-25 percent of the swine herds in Iowa are infected, and about 45 to 50 percent of the pseudorabies infected herds are in Iowa.

Hence, the annual cost of pseudorabies to the Iowa pork industry is estimated to be well in excess of $20 million. We have also had the distinction of being a leader in trying to eradicate pseudorabies. Our pork producers have demonstrated that pseudorabies can be eradicated if producers are committed to the effort and if we have adequate resources to carry it out. Though the disease causes tremendous economic losses to the industry as a whole, individual pork producers generally do not find it economically feasible to eradicate the disease in their herds unless they have some help in covering the cost.

That is why I have worked to make sure that we have increased Federal funding for these eradication programs because it affects us all nationally. We started our pilot programs in Iowa. We now have 10 counties in the program. The lack of funds have prevented adding more counties or expanding the efforts in those counties. Last year many producers started the eradication effort in their herds only to find out later that the money ran out. And another question I want to ask is why there is a large number of Iowa veterinarians that still have not been paid for their services yet in Iowa?

So I am just going to ask that the remainder of my statement be made a part of the record. The real question is: Why are we adding more money on the Federal level and yet when it comes out the pipeline, we are getting less out there.

[The prepared statement of Senator Harkin follows:]

PREPARED STATEMENT OF HON. TOM HARKIN, A U.S. SENATOR FROM IOWA

I want to welcome to today's hearing on the Pseudorabies Eradication Program a distinguished group of pork producers and veterinarians who have direct experience in the operation of the program at the farm level, where its success or failure will be determined. I also want to welcome our witnesses from the Animal and Plant Health Inspection Service.

Pseudorabies poses a serious economic threat to our Nation's pork producers. Overall, it has been estimated that the annual cost of pseudorabies to the pork industry is approximately $60 million a year. As the Nation's leading pork producing State, Iowa is also, unfortunately, the leader in pseudorabies infection.

From 20 to 25 percent of the swine herds in Iowa are infected and 45 to 50 percent of the Nation's pseudorabies infected herds are in Iowa. Hence the annual cost of pseudorabies to the Iowa pork industry is estimated to be in excess of $20 million.

But Iowa also has the distinction of being a leader in efforts to eradicate pseudorabies. Iowa pork producers have demonstrated that pseudorabies can be eradicated if producers are committed to the effort and if adequate resources are available to carry it out. Though the disease causes tremendous economic losses to the industry as a whole, individual pork producers generally do not find it economically feasible to eradicate the disease in their herds unless they have some help in covering the costs involved. That is why I have worked over the years to increase the Federal funding for the Pseudorabies Eradication Program.

Pork producers are plainly frustrated with the way the program has worked. In Iowa, we now have 10 counties in the program, but a lack of funds prevents adding more counties or even expanding the effort in those 10 counties. Last year many producers started the eradication effort in their herds, only to find out later that money for the program had run out. And a large number of Iowa veterinarians have not been paid for their services.

Producers will not stand for this kind of unpredictability and delay. They will simply throw up their hands and refuse to cooperate in the eradication program. The progress made thus far will be lost.

Producers are clearly dissatisfied with what is being accomplished with the money appropriated for pseudorabies eradication. In looking at the budget figures from

APHIS it appears that far too much of the pseudorabies eradication money is going to administrative and overhead expenses at APHIS and too little is getting out to the field for use in eradicating pseudorabies.

I will not go into the APHIS figures in depth now, since we will receive testimony on them later. However, I would note that the pseudorabies appropriation increased by $620,000 from 1989 to 1990, yet the amount of money allocated by APHIS to the States for pseudorabies eradication actually is set to *decrease* by $340,000. Only about half of the 1990 pseudorabies appropriation will be spent at the State level for eradication efforts.

Moreover, despite the high level of infection in Iowa and the increase in appropriations for 1990, the allocation to Iowa will increase by only $6,000 over the 1989 level. At that level Iowa's allocation for 1990 is expected to be spent by April.

These numbers just do not make sense. They can only add to the frustration that pork producers have regarding the Pseudorabies Eradication Program. We have come too far to see the Pseudorabies Eradication Program stymied by excessive overhead and administrative expenses. We must get these problems resolved and move ahead with an effective program.

Senator **Harkin**. I would like to call our first panel, Don Gingerich, president of the National Pork Producers Council from Parnell, Iowa; Harlan Meyer, the president of the Iowa Pork Producers Association from Sac City, Iowa; and Eric Dee, who is the chairman of the Iowa Pseudorabies Advisory Committee from State Center, Iowa. If you all will come up here, your names are listed here. How are you? Good to see you this morning. Happy New Year to you all. Good to see you again. Saw you last night. Eric, how are you? Good to see you.

Now I welcome you all here, and again, as I said, thank you for bringing this to my attention. As a member of not only the authorizing committee but of the Appropriations Committee and the Ag Appropriations Subcommittee, I want to find out what is going on here, and if we need to make some changes in the way we are appropriating this money, then we will do it to get the result that Congress intended, at least in administrative costs, which we limited to 5.15 percent. My little calculator shows me administrative costs are way over that by now.

So welcome, and I will make all your statements a part of the record. If you could just briefly summarize for us why we are here and the problem you see out there and the answers that you would like to get from APHIS. So welcome, and Don Gingerich, president of the National Pork Producers Council, please proceed. I have a 5 minute clock. I tried not to take over 5 minutes. So if we can kind of keep each statement down to 5 minutes, and then we can get into an exchange. Thanks.

STATEMENT OF DON GINGERICH, PRESIDENT, NATIONAL PORK PRODUCERS COUNCIL, PARNELL, IA

Mr. **Gingerich**. Thank you, Senator.

INTRODUCTION

I, too, will enter my comments into the record and will just visit with you about some concerns I have and some things that I think are important to us as the pork industry in this country that we live in. The National Pork Producers Council committed themselves to eradicating this disease in 1987 and it was then that they made the major step to decide that they wanted to eradicate the disease in the entire population of swine.

This decision was made by the delegate body, American Pork Congress, which is our policymaking vehicle that we have. I feel like I am a little bit of an expert on this disease because I have had it in my own swine herd and I have eradicated it and cleaned up my herd, and it is a lot more fun to raise pigs without pseudorabies than what it is with. And I wish for no one in this country to have to become infected with the disease.

Senator **Harkin**. Give me some idea, Don, of how many years, how long did it take you before you were able to eradicate it? Have you got a certified pseudorabies-free herd now?

Mr. **Gingerich**. Yes, I have a monitored herd now. Once I decided that it was worth taking the steps and I was safe from becoming infected again from my neighbors, it took about a period of a year. It was not too painful to do. I think it is well worth the price I paid to be able to have a pseudorabies free herd. So within a period of a year and maybe a down time of approximately 2 months in my operation, which was the biggest cost, I was able to go ahead and raise pigs again.

Senator **Harkin**. Did you have to eradicate? Did you go down to zero?

Mr. **Gingerich**. Yes. I had to remove all swine from the herd.

Senator **Harkin**. Everything?

Mr. **Gingerich**. Yes.

Senator **Harkin**. I just want the people to understand what eradication means.

Mr. **Gingerich**. Yes. There are several ways of doing it. You can segregate offspring on other farms. But it does mean change, a total change of animals and the genetic material that you have in your farm. So in the event you are a seed stock producer, then the cost is higher, of course, than it was for me.

Senator **Harkin**. Yes.

LACK OF ADEQUATE FEDERAL FUNDING

Mr. **Gingerich**. Anyway, the program has quite a bit of momentum, and the industry is committed to completing this project, and once we got this momentum going, we ran into a real serious problem in the last year or so, and that is why we are holding this hearing. That is because of the lack of adequate Federal funding to carry out the project.

ADVISORY COMMITTEES

Each State, and it is part of the UM&R, Uniform Methods and Rules, is required to have an advisory committee, and each State has a committee with a majority of this committee being producers along with technical people and State health people to run the program. So all of our States have these advisory committees in place, and so we had that much momentum going. I guess it seemed evident to me that we had a good program, and that the States are further along now than what we thought they would be in their desire to proceed with the program, which made the consequences of having less Federal funding than what we expected even more serious than what it would have been if we would not have had the producer momentum out there.

WE ARE IN A BELL-SHAPED CURVE IN OUR FUNDING REQUIREMENTS

So our concern is that the money that we have to operate in in fiscal year 1990 is less than what we had in 1989. And we are in a bell-shaped curve in our funding requirements, and so it hurts us pretty bad in that respect. So last year we had $2.67 million appropriated. This year we had $3.29 million or we rounded off at $3.3 million to carry out the Federal part of this.

STATES ALSO CONTRIBUTE

States also contribute a lot and in many different ways. We have State legislatures appropriating money to run the programs and help run the programs in their State. State veterinarians and their people contributed many hours. Producers contributed a lot, too, in their cooperation in testing animals and restraining them and paying for some of the costs of testing and things like that.

WE HAVE TWO MAIN AREAS OF CONCERN

So we have two main areas of concern this morning that we want to address. One is that the cost of the funding program and the amount that is getting down to the field for actual fee-basis testing, and then also the proposed vaccination rule. NPPC has sought legislative solutions to correct the high overhead cost in APHIS, and we put the 5.15 percent cap on it, on administration costs.

That did not solve all the problems. I think what we are requesting here is that the other program costs within APHIS be carefully scrutinized so that there is not an overlap of responsibilities. And I guess I will just point out one case where it appears that it is fairly obvious. And that is that we have APHIS veterinarians within the district making recommendations to producers, what they should do with a false positive animal, and then State veterinarians also making a decision on that. The decisions are not being consistent. So you have two problems with it. One is you have a waste of personnel and the other is you have a conflict there.

Senator HARKIN. So you are saying the Federal vet is saying one thing?

Mr. GINGERICH. Yes.

Senator HARKIN. And the State veterinarians are saying something else?

Mr. GINGERICH. That is right. And I will give you the example that has happened several times is that a producer will come up with a positive animal in his herd. The State veterinarian's personnel will come out and suggest that they sell that animal. So they will sell the animal. Then the APHIS vet will come out and say that you should not have sold the animal and because you sold the animal, therefore we are going to quarantine you for a period of time. And it is very hard on producer morale as we try to get them enthused about the program.

And I just think it is something that we need some communication on, and I hope this hearing will help us to accomplish that.

Senator HARKIN. You are saying there is not good communication between the State and the Federal veterinarians?

Mr. GINGERICH. We have seen cases where there has not been. Vaccination has been a real important part of this program. I see I am going over time. Is it all right if I take another minute or so?

Senator HARKIN. Sure.

Mr. GINGERICH. And one of the tools that we needed was a good vaccine that had differential tests so that we could determine whether the pigs had the disease or whether they were just vaccinated.

Senator HARKIN. We talked about this several years ago.

Mr. GINGERICH. Yes. Anyway, the tool was developed. We have the vaccine with the differential test. We needed a rule that would allow this to be used for interstate shipment.

Senator HARKIN. There is a vaccine right now that allows a differential test, that you know whether the hog was vaccinated or whether or not it actually had PRV; right?

Mr. GINGERICH. That is true.

Senator HARKIN. And that is available?

Mr. GINGERICH. Yes, it is.

Senator HARKIN. All right.

Mr. GINGERICH. And what we need is a rule to allow that vaccine to be used and that test to be recognized as an official test for interstate shipment of swine because interstate shipment of swine is very important to the economics of our industry.

Senator HARKIN. You are saying right now that if you can use this vaccine differential to vaccinate your herd, you can tell which hogs had PRV and which ones did not, which ones were just vaccinated; right?

Mr. GINGERICH. That is right.

Senator HARKIN. And you are saying that right now the rules do not allow those that test—trying to figure out how to use my phrase right—test positive for the vaccine but negative for PRV? In other words, you positively identify that they were the vaccinated hogs. You cannot ship those; is that what you are saying?

Mr. GINGERICH. That is right. Anyway, there is a proposal in the Federal Register for a rule, and Iowa commented on that rule, and I wanted you to know that we support the Iowa Pork Producers comments relative to interstate shipment of hogs and——

Senator HARKIN. That was the purpose of getting the vaccine in the first place.

Mr. GINGERICH. That is right.

Senator HARKIN. I will ask them when they get up here. All right.

Mr. GINGERICH. So just to summarize here, I think it is important that we assure Federal funding for this project, and we need $12.7 million for fiscal year 1991.

Senator HARKIN. How much?

Mr. GINGERICH. $12.7 million.

Senator HARKIN. For fiscal year 1991?

Mr. GINGERICH. Yes. This is accelerated from our original bell-shaped curve for two reasons. Number one, we did not get the funding we requested the first 2 years of the eradication program, and number two is because there is more overhead costs and less money gets to the field for fee basis testing than what we expected when we first went to Congress for funding.

Senator HARKIN. So you want to go from $3.2 million to $12.7 million?

Mr. GINGERICH. Yes, $3.3 million to $12.7 million.

Senator HARKIN. OK.

Mr. GINGERICH. And we also want a review of, a nonbiased review, of APHIS headquarters and how they do the operations of their people in the country. The other thing we need is that we need a rule for the marker vaccine that applies to interstate shipment of pigs. So those are my basic concerns. I hope those summaries were clear and thank you for allowing us to testify and for holding this hearing.

Senator HARKIN. Well, thank you very much, Don.

[The prepared statement of Mr. Gingerich follows:]

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Statement of the

NATIONAL PORK PRODUCERS COUNCIL

Before the

Subcommittee on Nutrition and Investigations

Committee on Agriculture, Nutrition, and Forestry

United States Senate

on the

Pseudorabies Control and Eradication Program

January 17, 1990

Presented by: Don Gingerich, President
National Pork Producers Council
Parnell, Iowa

Mr. Chairman, thank you for inviting me here this morning to testify on behalf of the National Pork Producers Council (NPPC) in regards to the pseudorabies control and eradication program. Before we get into the two issues of APHIS funding and the proposed regulation on herd vaccination and testing procedures for interstate movement of swine, I would like to provide some background information for the record on both the pseudorabies (PRV) disease and the eradication plan.

Background of the Disease

PRV is an acute, frequently fatal, disease affecting most species of domestic and wild animals. The disease is caused by a herpes virus and is characterized by a variety of clinical signs; the most prominent effects involve the nervous and respiratory systems. In addition, severe itching and self-mutilation are seen in most species, but rarely in swine.

Pseudorabies was first recognized as a disease of cattle and dogs in Hungary in 1902. It soon became evident, however, that swine were the original host of the virus and could also die as a result of the disease. In Europe, PRV has been recognized for years as an important cause of death in swine of all ages and as a cause of abortion in sows. In fact, Denmark and Great Britain are currently in the final stages of an eradication program.

Until recently, many in the United States considered PRV important only as a cause of death in baby pigs and occasionally in cattle, sheep, dogs and cats. However, PRV is more prevalent in the U.S. than was formerly believed. The present strains of the virus are capable of causing a variety of clinical manifestations, including death in newborn and adult swine and fetal death with abortion in pregnant swine.

A major challenge to any eradication plan is the acute and latency characteristics of the virus. In the acute stage its detection is obvious. However, in the chronic stage, such as after or when a herd is vaccinated, it can easily spread from herd to herd without being detected.

The disease is widespread within certain states and can have considerable economic significance. One estimate claims it is costing pork producers up to $30 million per year. A slaughter serum survey conducted in 1983 revealed a nationwide prevalence of 18.8 percent in breeding swine with state rates ranging from 0 to 34.3 percent. Combined estimates from all state veterinarians show a range of 4,300 to 11,000 infected herds in the country, with the number of infected herds continuing to increase. This is an important point because the objective of the eradication program is to prevent the disease from spreading to the several thousands of herds who do not have the disease.

The major impact of this disease in the U.S. has been on seedstock and feeder pig producers. Many seedstock herds have become infected, sometimes more than once. These producers are required to test for PRV when selling their animals. They also must clean up their herds in order to continue in the seedstock business with costs ranging up to several hundred thousand dollars in individual herds.

To combat PRV, pork producers have used vaccines in Europe for years, and in the United States since 1977. Although vaccines reduce the clinical severity of the disease, they do not prevent natural infection or the establishment of a carrier state in recovered swine. Vaccinated pigs can become infected, harbor the virus for long periods of time and shed it to infect other pigs. The newer vaccines claim that this occurs less frequently, but unfortunately, it still happens. Vaccines will prevent death losses, but if the vaccine is relied upon as the only control measure, the virus will continue to spread throughout the swine population. This requires vaccinating pigs every year, and increasing the total cost of the control measure throughout the industry. In other words, it becomes an annual expense.

The disease also has trade implications, particularly with U.S. exports of live hogs to Canada. Because Canada claims it is pseudorabies free, it quarantines U.S. hogs at its border for 30 days. At present, we have very few hogs exported from the U.S. to Canada. Also, as mentioned earlier, we must be aware that Denmark, which is our main pork export competitor, is in the final stages of eradicating the disease.

The Eradication Plan

NPPC's action on PRV goes back to November of 1981 when the NPPC Board of Directors resolved that pilot projects and research should be conducted to help develop a plan for the control and eradication of PRV. In March of 1982, NPPC delegates resolved to proceed in urging USDA and Congress to fund PRV pilot projects. Pilot studies conducted in Iowa, Illinois, Pennsylvania, and North Carolina were extremely successful. These studies provided more knowledge about this disease in advance of the PRV program than any other eradication plan.

The actual eradication plan was first formulated by a NPPC PRV Oversight Committee and approved by the NPPC Executive Committee in 1986. The 10-year timetable for eradication was approved by delegates at NPPC's 1987 Annual Meeting. This original plan sought to establish an industry direction and future course of action on PRV that would be consistent with the long-term interest of pork producers.

The pork industry's PRV plan calls for the establishment of state committees made up of producers and other segments of the industry. These committees are to determine program activities and advancement requirements in individual states.

The first stage of the program calls for formation of state advisory committees, measurement of prevalence of the disease, and development of plans for future activities. The state committees would also request changes in state laws and regulations and/or legislative authorities as necessary.

The second stage includes control programs, when states will implement surveillance measures to find and quarantine infected herds. If the states desire, they can begin a voluntary program for eliminating the virus from the infected herds.

The third stage is the start of mandatory herd cleanup, during which owners of infected herds will be required to develop and implement individual plans to eliminate the virus from their herds. If only a few infected herds remain in the state, depopulation of those herds could be required, with payment of indemnity as funds are available.

The final stage is for states that have completed the herd cleanup phase and have no known infected herds, but continue to look for infection.

The 10-year eradication plan, with projected federal funding totaling $57 million, was presented to the Animal and Plant Health Inspection Service (APHIS) for review and consideration. In drafting the PRV eradication program, NPPC believed that it was critical to layout the exact costs of the program to the best of our ability and to stay with that funding level through the life of the program. However, we now recognize that accurately estimating funding over a 10-year span with all the variables that would be encountered, is extremely difficult. We have already run into problems that we would like to present to you.

APHIS Funding

The current Administration's position is that such programs should be producer programs and we support that point of view. It is our understanding that we as an industry we are charging into a new frontier as we accept major responsibility for the direction and implementation of the program while APHIS is to provide technical support. Consequently, we have begun meeting with APHIS on a routine basis -- nationally, regionally, and at state levels on budget development and fund allocation to states. We have great difficulty, however, comprehending the process established over past years as to what charges are applied or deducted from appropriation levels. Thus, we have questions on the level of funds that are actually available for distribution to the states.

I have been told by those with past experience in these type programs that understanding program momentum is very important in conducting a program in the most efficient manner. In other words, when there is enthusiastic support at the state level to begin a program, adequate funding must be available from state or federal sources. Otherwise, the commitment will wane, and it may take years, if ever, to get the same support for the program.

Traditionally, federal funding for such programs is interpreted as showing national commitment and state funding eventually catches up to the federal outlays. The reverse has happened in the PRV program, and we are already getting complaints about the lack of federal funding support for the program.

We are concerned that the program could be in real jeopardy unless the federal funding meets its responsibilities in sharing the costs of the programs in a more realistic manner in fiscal year 1991. Because of a low level of federal funds dedicated to the states for implementation of the program in 1989 and 1990, the signal received in the countryside is that the federal commitment is not that great.

Two developments have certainly contributed to a great need for the immediate delivery of increased funds to the various states for the control and eradication effort. First, some states have generated an unexpected degree of enthusiasm and momentum in their efforts, with state programs progressing so rapidly that the demand for funds has far exceeded the available federal allocation. Producers are working closely with their state legislatures for funding, but both will need further federal encouragement.

Secondly, it has become apparent that sufficient funds were not included in the 10-year budget that was approved by NPPC to cover the APHIS "headquarter" costs (certain administrative costs are referred to as "headquarter" costs for lack of a better term) in administering the program. After fiscal year 1989, it also became apparent that a greater share of the funds would be used for headquarter costs than originally planned. Therefore, NPPC sought and received a legislative cap on the amount APHIS could use for headquarter administrative costs in 1990. Rather than straying from our original funding level projections, we worked with the Senate and House Appropriations Committees on report language directing that not more than 5.15 percent of the funds be deducted for administrative support. To date, this mandate has not helped provide more funds for state allocations.

Now that we are in the second official year of the eradication program (i.e. 1990), it is obvious that APHIS is not able to comply with the limitations placed on administrative charges against the program. The result is less funds are available at the state level. We have explored different ways to resolve the lack of adequate funding issue, such as the aforementioned administrative cap that didn't work. In numerous discussions with APHIS officials we have not been able to find a workable solution other than providing a much greater allowance in budget proposals for their headquarter support to the program.

Although Congressional appropriations for PRV increased from $2,672,000 in to fiscal year 1989, to $3,292,000 in 1990, the funds APHIS allocated to states were reduced. In fiscal year 1990, the states will only receive $1,657,000 compared to $1,997,000 in 1989. Therefore, as Congressional appropriations for PRV increased by $620,000 in 1990, the amount allocated to the states decreased by $320,000.

Moreover, if the states were allocated $1,997,000 of a $2,672,000 appropriations in 1989, APHIS received the remainder of $675,000 or 25.3 percent of the FY 1989 appropriation. Although we understand $479,000 of the $675,000 for APHIS was for field operations as opposed to program direction and support, we are really taking a bite out of state efforts. This is especially significant when you analyze the 1990 numbers and recognize that this is probably the first program ever being touted as a producer program, which implies greater responsibility in terms of program control and implementation. If the states are allocated only $1,657,000 of a total appropriation of $3,292,000 in 1990, APHIS will receive the remainder of $1,635,000 or 49.7

percent of the 1990 appropriation.

While we can appreciate that APHIS should need more funds as they get into the program, we have tremendous momentum in the states, and of course, high expectations. We obviously need to review the APHIS budget, to determine how we can accommodate competing interests. The preliminary funding allocation numbers provided by APHIS appear to conflict, so we will have to get those settled also.

APHIS has been very receptive and supportive of the PRV program, and it is unfortunate that the agency has been forced to operate by using individual program funds to cover headquarter costs. We believe that it is appropriate to conduct a review of APHIS's basic funding procedures to ensure that PRV funding is not being used to support other APHIS programs at the headquarters and regional levels. As stated earlier, the demand for funds at the state levels far exceeds what is currently available. Consequently, producers strongly resent a disproportionate amount of appropriated funds being siphoned off at the headquarters level to satisfy bureaucratic procedures.

In working with APHIS over the last few months, we have been forced to increase our cost projections for the PRV eradication program. The new program funding is set forth as follows:

Revised 10-year budget
(in millions of dollars)

1991	1992	1993	1994	1995	1996	1997	1998	Total
12.7	12.6	16.5	12.6	8.7	5.4	4.5	4.4	84.7

For example, in 1991 we will be seeking a funding level of $12.7 million, an amount we will need if we are to be serious about eradicating this disease. Decreased funding will delay the final eradication and increase the cost of the program. I also want to point out that we have always had a good relationship with APHIS, and we think that we can work together to get these funding concerns resolved. We are eager and willing to accept any help that can be provided by this committee or others. Our producers are upset that we have not been able to find a workable solution to what they refer to as the bureaucratic process and to attain adequate funds appropriated to get the job done.

PRV Marker Vaccine

The pork industry has been waiting a long time for a breakthrough such as market vaccines and differential tests. These are essential to protect a producer's investment while controlling disease. The approval of these vaccines and tests are an extremely positive development for pork producers.

We support APHIS efforts in promulgating a new rule on pseudorabies vaccination, testing and interstate swine movements. However, we were concerned about the requirement that a herd showing negative on the differential test must have previously been monitored to be allowed to move interstate. This provision is certainly not productive for the program. If the herd tests negative via the differential test, interstate shipment should be allowed whether the herd was previously monitored or not. There is no way for these herds to go back in time to monitor. Moreover, it is often too risky, to stop vaccinating to establish a prior negative status. The NPPC PRV Oversight Committee has discussed this problem and supports a rule change to allow quarantines to be lifted from herds that are now negative to the differential test and vaccinated with a marker vaccine.

Because of the concerns among producers, we believed it was appropriate to ask an extension of 60 days for further comment regarding the proposed rule on interstate movement of swine. It is certainly appropriate to provide ample time for all interested persons and organizations to be fully informed of the consequences of such proposed action. APHIS has assured us that they will give full consideration to the comments submitted for review and make appropriate changes before the final rule is published.

Thank you for inviting us here today to discuss these issues. We offer our support in working to reach mutually satisfactory solutions to these concerns.

Senator HARKIN. Harlan, thank you for being here, and again, just go ahead and tell us about it from your standpoint as head of the Iowa Pork Producers.

STATEMENT OF HARLAN MEYER, PRESIDENT, IOWA PORK PRODUCERS ASSOCIATION, SAC CITY, IA

Mr. MEYER. Well, thank you, Senator, for allowing me to testify here today on behalf of the Iowa Pork Producers Association.

IT IS NECESSARY FOR THE STATE LEGISLATURES TO PUT FUNDING INTO THIS ALSO IN A COORDINATED EFFORT WITH THE FEDERAL GOVERNMENT

As we reviewed the funding process of APHIS over the last 2 or 3 years, we have become quite aware that it is necessary for the State legislatures to put funding into this also in a coordinated effort with the Federal Government. But as you may know, State funds are also in tight demand, and as we visit with our Governor and with our State legislators, the indication is that possibly they could come up with maybe matching funds. But with the present program of funding that gets to the actual field for eradication of pseudorabies, we are having problems with our legislators trying to sell this program to them.

They would like to see a long range program so that it is easier for them to allocate money, and so we do have a real problem as far as funding goes. We have producers that are willing to eradicate this disease and we feel that if we can somehow know how much money we are going to be getting from year to year, we can probably also know better what our State legislators and our Governor could do for us.

It is awful discouraging to our producers to start up a program and then possibly by the middle of March or first of April be out of funds to continue that program. And in that essence, it creates a big question mark in the producer's mind on whether we are really dedicated to eradicating this disease. I guess not to dwell on the funding any more, I feel that Don has probably done a pretty good job of covering this issue.

SOME PROBLEMS WITH THE PROCESS OF THE WAY RULES ARE MADE

We have had some problems with the process of the way rules are made. We have three different instances that come to mind that have been awfully important here in the last few years.

One of those, of course, is swine ID, and we especially are interested in swine ID. We think it is really necessary for food safety, and especially important for the exporting of our products to foreign countries. It seems like as if the swine ID were started back in about 1986, and it has been up and down, and we still to date do not have a final rule on swine ID. We feel that maybe we should have a mechanism where the industry should have more input into some of these rulemakings. Another instance that we had was the Chinese semen. We sold the State of Iowa and Iowa State and our legislators in going into a coordinated effort with ARS, on bringing Chinese semen or bringing Chinese hogs to the United States for research purposes.

And the reason we did this was that we worked with this for quite a number of a years to try to bring semen into the United States because of the cost efficiency of using semen over live animals. And we were told time and time again that there was no way that we would ever be able to bring semen into the United States. And so therefore, we went the other alternative route of bringing the live hogs into the United States. But we had a big question mark that 2 days after the live hogs were entered into quarantine here in the United States that the live semen was already, a proposed rule was written for bringing in semen. And we would like to have a few more answers on that.

And then thirdly, of course, is the marker vaccine which Don alluded to earlier that we have had concerns with how the rules are being proposed for using that marker vaccine. At that time, I guess I will leave it open for questions, and if you have any further questions that I could answer or clarify for you, I would sure appreciate doing that.

[The prepared statement of Mr. Meyer follows:]

IOWA-The Pork Capital of the World

Subcommittee on Nutrition and Investigations
Chairman Senator Tom Harkin
January 17, 1990
Testimony of the
Iowa Pork Producers Association
Presented by Harlan Meyer, President

IOWA PORK
Producers Association
1636 N.W. 114th STREET, BOX 7, CLIVE, IOWA 50053 / 515-225-7675 • 1-800-372-7675 • FAX 515-225-0563

Thank you Senator Harkin for the opportunity to address the Subcommittee on Nutrition and Investigations. My name is Harlan Meyer and I live in rural Sac City. As President of the Iowa Pork Producers Association, it is my honor to present the feelings of our over 20,000 pork producer member families statewide.

Our organization is pleased with your interest and request for further information regarding the budgeting by the Animal and Plant Health Inspection Service and development of rules by the same agency which impact the Pseudorabies Control program in our state. This particular subject is important to our state because, based on current infection figures, we believe somewhere between 45 and 50 percent of all infected swine herds nationally are located in Iowa.

To begin with, I must point out many individuals and organizations have had to work very hard to create a positive attitude from producers, veterinarians, and market operators towards the PRV initiative. This support is very fragile. Because of the current funding and rulemaking controversy in our state and others, this program is in great jeopardy. I really prefer not to state this fact, but if we cannot reach consensus on funding and leadership of this program it will soon degenerate to nothing more than a vaccination program. We believe APHIS/USDA doesn't prefer this, I can assure you our organization does not wish to abort the effort.

The Iowa Pork Producers Association has carefully reviewed the current funding mechanism for the PRV control program in Iowa, based on the cooperative effort of state and federal policy makers. This follows in-depth research and requests for information about the federal and state program. At its inception the national eradication effort called for a 10 year funding plan based on a "bell shaped curve" outlay. We believe the authors of this plan felt the funding at the federal level would be distributed, with minor administrative charges, directly to state authorities for actual project control funding.

This has not taken place. First, with the budget limitations, Congress has not been able to meet the funding objectives originally built into the program. Secondly, from the scant fiscal information made available to us by APHIS it would appear that less than half the funds are actually reaching states and becoming available for project control efforts. To date we really don't know how these funds have been used, other than those that have been distributed to Iowa.

With a 25 percent increase in APHIS funding for PRV in fiscal year 1990 compared to 1989, we expect to actually receive less money for the program in Iowa. As the chief spokesperson for our group, I've been asked some fairly difficult questions by state legislators and our Governor regarding the problem of funding. I've only been able to report the intentions of the program, and how the funding plan is to work.

Last year I attended a State Senate Agriculture Committee meeting on the subject. At the meeting APHIS PRV project coordinator, Dr. Bill Stewart reported to the Senators that several criteria were involved in determining how much each state received, including the level of state funding. Dr. Stewart stated APHIS would very much like to see a match of federal funds. He also stated he felt the industry, producers themselves, should contribute an equal amount, and through the use of on farm efforts that they were doing so.

This has pretty much limited us to a match of federal dollars at the state level. But several state lawmakers are leery of this program. The first question they ask about is administrative charges. Then they have stated to me they will match no more than "net" state funding. We are truly facing a double cut and will be lucky, in my opinion, to maintain the program.

State legislators are currently reviewing the Governor's budget, and due to limited state funds it does not include an appropriation for this program. With federal support going down, not up, even with a significant increase in the appropriation, it is difficult to show we're making progress.

State legislators, as you know Senator Harkin, talk to other legislators in other states. It was reported to us by a state legislator that Minnesota in fiscal year 1989 appropriated a little over a million dollars on PRV efforts. It was also reported they didn't spend all their appropriation from APHIS in FY 1989 and as a result were cut in FY 1990, 52 percent. Our counterparts in Minnesota confirmed this to us. This has a "chilling" effect on the legislative support in our state.

Finally, Senator, we are not comfortable with the funding system through the APHIS flowchart. It is our understanding at the federal level APHIS decides how much will go to each region, the funds allocated to each state are decided by a regional director. The federal level, to our knowledge, does not direct how the region may direct funds between states. After the allocation is made to states, and the Area Veterinarian in Charge determines the manpower cost for the federal veterinarians in the state, and then we finally know where we are financially with the program.

The result of all this is trying to lobby program funding with really no formula at either the state or federal level and APHIS administration in the middle. At numerous meetings with producers and others in the program, they always ask,"How does the PRV funding situation look?" They expect an answer, but I don't know what to tell them.

On the next point of this hearing: in recent years pork producers and others involved with specific projects have become increasingly concerned with the procedures by which APHIS prepares and promulgates rules and regulations affecting our industry. We would cite three examples in which, to our knowledge, neither the National Pork Producers Council nor ourselves were consulted prior to publication of rules which later caused confusion or raised strong opposition among pork producers.

The first is Swine Identification. Due to the tremendous impact of residues and other food safety issues our national organization endorsed the concept of mandatory I.D. in March of 1986.

In February of 1988, APHIS along with FSIS published the Swine I.D. rule. The industry was surprised by several provisions, made comments and waited for the final rule after the deadline.

In November of 1988, 10 months after the original publication the final rule was printed, virtually unchanged from the initial proposal. Industry leaders criticized the agencies for failing to make changes recommended by industry groups on several matters, including:

1. The definition of interstate commerce was extremely complex.

2. The exemption for farrow-to-finish/direct to slaughter hogs was inconsistent with the intent of the rule.

3. Identification back to farm-of-birth is needless.

4. Responsibility for identification was not specified.

Leadership of the Association called the number listed for information, we were given wrong answers, we were even told certain provisions would not be énforced even before the rule took effect, even though the rule called for these provisions to be enforced.

In October of last year APHIS republished the I.D. rule. Industry groups commented on some improvement, however several concerns remained unchanged:

1. Inconsistent farrow-to-finish exemption still remains in the rule.

2. A Complex interstate commerce definition remains in the rule.

3. Feeder pig i.d. is still required.

The comment period closed December 19, 1989 and to date there is still no final rule on mandatory swine I.D. nearly 4 years after endorsement of the concept, and nearly 2 years after publication of the initial rule. This is with vigorous support by the "industry" and good faith attempts to assist in draft implementing a workable rule.

The pork industry's risk of a "food quality" or "food safety" crisis increases each day a "workable" I.D. and traceback rule is not in place. We know Senator, due to your past work that you understand the liability, and unacceptable risk this poses in light of heightened consumer awareness of food safety issues, and greatly threatens exports.

The second rule we would cite is the importation of Chinese hogs and semen. The U.S. pork industry has spent years trying to import germplasm from the People's Republic of China in order to study the genetic characteristics that contribute to larger Chinese pig litters. Due to the possibility of the rapid and uncontrolled spread of various infectious diseases in the U.S. swine herd, APHIS consistently refused to allow importation of semen from the PRC for research purposes. As a result, the Agriculture Research Service of USDA spent ten years arranging to import live hogs, which would be subjected to rigorous quarantine procedures before release. On July 14, 1988, ARS signed an agreement with Iowa State University and the University of Illinois, under which each institution committed a minimum of $400,000 dollars to the project. ARS also was a one-third contributor. Our Association then helped Iowa State University raise $200,000 from the Iowa State Legislature to defray part of the cost of the program.

In March, 1989, two days after the imported pigs arrived at the Harry S. Truman Import Center, APHIS published a rule announcing that the restrictions for importing swine semen from the PRC were being relaxed and approved a semen import application. There had been no advance consultation by APHIS with the pork industry or, to our knowledge, with ARS, about plans to initiate a program that makes the more expensive live hog import program largely redundant. We and others in the industry remain unconvinced that the announced semen import procedures will adequately protect the U.S. swine herd.

Thirdly, is the Pseudorabies sub-unit or differential vaccine and test rule. The industry, Federal and State governments, and commercial companies have invested millions of dollars developing sub-unit vaccines. They are unique in that they produce antibodies of traditional vaccines, but also allow differential testing to determine exposure to the actual "field" virus. This is critically important with PRV, because no vaccine is a true vaccine. They only stop the effects of the disease, but do not prohibit actual infection.

Additionally, vaccine usage is desirable, particularly in high hog density areas because its use greatly reduces:

1. The financial risk of infection,
2. PRV shedding from infected animals, and
3. The chances of a 'clean' animal becoming infected.

Technically, these "new" differential tests, are more sensitive than the 'old' tests and current system in place. These differential tests should be adopted as an "official test".

This rule is critical to the PRV program. These "new" products allow producers for the first time to both vaccinate and test negative at the same time. Because the test is more sensitive than 'old' test methods it allows test and removal of positive animals in an infected herd while "shedding" is also reduced. Producers expect to use this new technology to facilitate cleanup of infected herds, and protection of negative herds.

On October 31, 1989 APHIS proposed a rule which only allows this new technology to be used in 100 percent test negative herds which do not currently use vaccine. The rule doesn't recognize current "negative" herds.

We made several comments, Senator, but the most important are:

1. If this test is good enough to maintain a clean herd, then it's good enough to establish a clean herd.

2. APHIS proposed to recognize only one of five gene-deleted vaccines and their accompanying diagnostic test kits which are in various stages of development. Why write one specific rule for one specific product? The rule as written will greatly confuse producers and veterinarians, and we don't see how it can be an incentive to companies seeking future rule approval.

3. The rule, in effect, "burns" producers currently using the technology. It requires all animals that are vaccinated to be eliminated from the herd before testing, even though they would test negative if they were negative, and positive if infected.

We are concerned that APHIS officials have indicated "the industry" was consulted prior to the issuance of this proposal. We knew this rule was on its way, because we asked Dr. Glosser in July. We were not made aware of its content or general direction. We would be interested to learn how APHIS defines "the industry".

We sincerely hope protocols for ascertaining the views from industry sources are carefully reviewed. Rules which require additional comments, extensions, withdrawals, redrafting, and re-publication undoubtedly cost more, increase the "risk" to the industry and shake confidence in the system.

We have also proven, Senator, in the past our support for APHIS/USDA by supporting many research and specific project initiatives, a good example was the Plum Island remodeling and upgrading. We have also proven how effective we can be when we work together, having eliminated Hog Cholera and Swine Brucellosis from Iowa.

We firmly believe that through these discussions, the traditional good working relationship between the Iowa Pork Producers Association and the Animal and Plant Health Inspection Service can be restored. We pledge to you and the department to make every effort to reach this goal.

On behalf of our membership we thank you for this opportunity to make these comments. We appreciate your time and effort in this discussion.

Senator **Harkin**. No, Harlan, that is good. I read your testimony last night at home, and I had written a letter to APHIS last June about the Chinese swine semen problem with the live hogs coming in. I may want to cover that with you a little bit more, but let us hear from Mr. Dee.

Mr. **Meyer**. Thank you, Senator.

Senator **Harkin**. Yes. I may want to cover that a bit more. It is a little outside of what we are doing here today, but I still want to find out more about that.

This is Eric Dee, who is the chairman of the Iowa Pseudorabies Advisory Committee from State Center. Eric, thank you very much for being here.

STATEMENT OF ERIC DEE, CHAIRMAN, IOWA PSEUDORABIES ADVISORY COMMITTEE, STATE CENTER, IA

Mr. **Dee**. Thank you very much for inviting us and I will submit the prepared written testimony as part of the record and will hit two or three of the high points.

Senator **Harkin**. You bet.

PRV ADVISORY COMMITTEE

Mr. **Dee**. First of all, we would want you to know that Senate File 474, which we operate under in Iowa, has created this PRV Advisory Committee, and this has been a very functioning group. We have held meetings with the 10 pilot project counties, the surrounding States, and I have the results of those included in the testimony.

CONTINUATION OF THIS PROJECT OR PROGRAM DEPENDS ON BEING ABLE TO PLAN TOMORROW AND THE NEXT DAY

Point number two is the continuation of this project or program depends on being able to plan tomorrow and the next day. So we need to know; whatever the information is, we would like to know so we could plan. Now, very frankly when this program was designed, it was designed as a 10-year program. And we probably cannot afford to carry out any longer than this, 12, 15, 30 years, because obviously costs escalate during that time. So we either have to know now or abandon ship.

WE WANT TO CONTINUE

Now we want to continue, and we want to stay in everybody's "best graces." But we may have to be forced to make some economic decisions, and while we are going to be forced to make them, and that is the way it is going to have to be.

WE NEED LONG-TERM ANSWERS AND ACTION ON GENE-RELATED RULES AND THEIR USE

Regarding what we would like, I think very simply we need answers, long-term answers.

Second of all, we need action on these gene-deleted rules and their use. Our industry spent millions of dollars to develop these. Now we need to decide if we can use them or not.

We thank you very much for inviting us. We are available for questions. We want to cooperate in any way we can.

[The prepared statement of Mr. Dee follows:]

TESTIMONY TO:

SUBCOMMITTEE ON NUTRITION AND INVESTIGATIONS

U.S. SENATOR TOM HARKIN, CHAIRMAN

FROM THE STATE OF IOWA PSEUDORABIES ADVISORY COMMITTEE

BY ERIC DEE OF STATE CENTER

JANUARY 17, 1990

MY NAME IS ERIC DEE AND I'M A PORK PRODUCER FROM STATE CENTER, IOWA. MY BROTHER ALAN AND I ARE PUREBRED SEEDSTOCK PRODUCERS. I'M HERE TODAY, SENATOR, TO REPRESENT THE STATE PSEUDORABIES ADVISORY COMMITTEE IN IOWA. THIS COMMITTEE WAS COMMISSIONED BY THE STATE LEGISLATURE UNDER SENATE 474. OTHERWISE KNOWN AS THE IOWA "PSEUDORABIES CONTROL BILL".

WE HAVE SEVERAL SPECIFIC CONCERNS TO BRING TO YOU AND THE COMMITTEE. FRANKLY, IT WAS EASY FOR ME TO PREPARE FOR THIS PRESENTATION. OUR COMMITTEE IS CHARGED WITH THE RESPONSIBILITY OF FILING A REPORT WITH THE STATE ON JANUARY 15TH OF EACH YEAR AND WE JUST COMPLETED OUR FIRST ANNUAL REVIEW OF THE PSEUDORABIES CONTROL PROGRAM IN OUR STATE.

I'VE INCLUDED A COPY OF THIS "OFFICIAL REPORT". ALL OF THOSE HERE TODAY KNOW QUITE A BIT ABOUT PSEUDORABIES, SO I'M GOING TO FORGET MOST OF THE FORMALITIES ABOUT BACKGROUND, AND GET DIRECTLY TO THE CHALLENGES AND THE OPPORTUNITIES THAT WE FACE ON THE SUBJECT OF RULES AND FUNDING.

BACK IN THE LATE 1970'S, PRODUCERS WERE FACED WITH WHAT I CALL A "COST-PRICE SQUEEZE" IN AGRICULTURE. THAT IS REALLY WHAT IS HAPPENING TO THIS PROGRAM WHEN WE ASK YOU, SENATOR, AND OTHERS TO APPROPRIATE FUNDS FOR THIS PROGRAM. THE COSTS ARE GOING UP AND THE SQUEEZE ON THE PROGRAM IN THE COUNTRY IS GETTING TIGHTER.

THERE IS ONLY ONE WAY REALLY TO ELIMINATE THIS DISEASE, AND THAT IS WITH PROGRAM FUNDING AT THE LOCAL LEVEL. SIMPLY, YOU HAVE TO TEST TO FIND IT, ONCE YOU FIND IT, YOU HAVE TO CONTROL IT, AND THEN YOU ELIMINATE IT. THIS ISN'T DONE IN WASHINGTON, HYATTSVILLE, OR FOR THAT MATTER DES MOINES. IT'S ACCOMPLISHED OUT IN THE TRENCHES BY PRODUCERS, WORKING WITH VETERINARIANS, IN THE MUD AND THE BLOOD.

OUR ADVISORY COMMITTEE HAS JUST FINISHED GOING AROUND TO ALL THE PROGRAM COUNTIES WE HAVE IN IOWA. THERE ARE 10 COUNTIES CURRENTLY DECLARED IN THE PROGRAM. THEY WOULD LIKE TO KNOW WHERE THE MONEY IS. WE HAVE HAD ANOTHER 10 COUNTIES THAT HAVE EXPRESSED INTEREST IN THE PROGRAM AND THEY WANT TO KNOW WHERE THE MONEY IS GOING.

IN OUR REPORT YOU WILL NOTICE WE OVERSPENT OUR STATE BUDGET BY $30,031 DOLLARS. THAT'S A LOT OF MONEY TO ME, BUT I THOUGHT WE GAUGED THE PROGRAM FAIRLY WELL, WITHIN 3%, ON A BUDGET OF $923,343 DOLLARS. THAT MONEY IS OWED TO VETERINARIANS WHO HAVE DONE WORK WITH PRODUCERS FOR, PRIMARILY, TRIPS TO THE FARM AND TESTING. I SENSE WE HAVE OUR PRIORITIES OUT OF LINE. THE BEST WAY TO STOP THIS PROGRAM IS TO TELL THE GUY WITH KNEE PADS ON, A SYRINGE IN ONE HAND, AND A SNARE IN THE OTHER, THAT YOU'RE NOT GOING TO PAY HIM. HE WANTS TO KNOW WHERE THE MONEY WENT AND HE HAS A FEE BASIS AGREEMENT WITH THE ANIMAL AND PLANT HEALTH INSPECTION SERVICE.

I'VE HEARD THE REASON THE STATES ARE IN FACT GOING TO RECEIVE LESS FUNDS THIS CURRENT YEAR IS DUE TO THE ADMINISTRATIVE COSTS AT APHIS HAVE GONE UP OVER 300,000 DOLLARS AND THAT THE PROGRAM WAS OVERSPENT BY 500,000 DOLLARS LAST YEAR. WHAT I'D LIKE TO KNOW SENATOR, SO I CAN EXPLAIN THIS AT HOME, IS WHAT IS GOING UP, AND HOW WAS THIS OVERSPENT. WERE THESE OVER EXPENDITURES IN OTHER STATES, OR AT APHIS? IF THEY WERE IN OTHER STATES, I'D LIKE TO KNOW WHY OUR 30,000 DOLLARS COULDN'T BE INCLUDED. PARTICULARLY SINCE THE 1989 OVER EXPENDITURE IS BEING COVERED BY 1990 FUNDS.

FRANKLY, THE BOTTOM LINE ON THE FUNDING SITUATION IS UNLESS WE CAN GET A MATCH FROM THE STATE LEGISLATURE, OUR ADVISORY COMMITTEE HAS ONLY ONE OF TWO OPTIONS. WE CAN EITHER:

1. GREATLY ALTER THE FEE BASIS, THIS GOES TO THE GUYS WITH THE KNEE PADS, FOR TRIP, TESTING AND VACCINE COSTS, OR

2. WE CAN BRING THE PROGRAM TO A HALT.

WE ARE GOING TO BE FACING THIS SITUATION BETWEEN MARCH 1 AND APRIL 1, NOT TOO MANY DAYS FROM NOW. THE RESULT OF EITHER OF THESE OPTIONS IS THE SAME. THE PROGRAM WON'T START AGAIN.

IF WE ARE ABLE TO CONVINCE OUR FELLOW IOWANS TO GIVE A FUNDING MATCH TO THE PROGRAM, WE THEN JUST MIGHT EEK BY, OR MORE THAN LIKELY WILL RUN OUT OF FUNDS JUST LIKE WE DID IN THIS LAST YEAR. THAT MEANS WE CAN'T URGE COUNTIES TO GO A LITTLE FASTER ON TESTING, AND IT ALSO MEANS NEXT YEAR WE ARE STILL GOING TO HAVE 10 COUNTIES IN THE PROGRAM. NO GROWTH, AND NO PROGRESS.

WE DON'T HAVE THE TIME OR THE WILL FOR A 30 YEAR PROGRAM. WE CANNOT AFFORD A 30 YEAR PROGRAM. IN SINCERE HONESTY WE WON'T HAVE A 30 YEAR PROGRAM. IN SEVERAL COUNTIES WE ARE REACHING A POINT OF FRUSTRATION. THIS IS CAUSED BY THOSE PRODUCERS WHO TESTED FOR THE FIRST TIME, NOW HAVING TO DO AN ANNUAL TEST AGAIN, AND THEIR NEIGHBORS NOT SUPPORTING THE EFFORT. WE WOULD LIKE TO REQUIRE THESE NONCONFORMING PRODUCERS TO TEST, BUT WE DON'T DARE BECAUSE OF FUNDING.

SENATOR, I LIVE IN MARSHALL COUNTY, ONE OF THE ORIGINAL PILOT PROJECTS. WITH THE SEEDSTOCK BUSINESS BEING MY PRIMARY FORM OF MAKING A LIVING, I'VE HAD MORE THAN CASUAL INTEREST IN THIS EFFORT. THIS FUNDING SITUATION HAS TO BE FIXED. PERSONALLY, IN YOUR INVESTIGATION SENATOR, I DON'T KNOW IF CONGRESS IS PARTIALLY AT FAULT FOR HAVING THIS APHIS BUDGET SET UP LIKE THIS, OR IF SOMETHING MAJOR HAS CHANGED IN THE DEPARTMENT, OR MORE LIKELY IT HAS ALWAYS BEEN THIS WAY AND WE JUST DISCOVERED IT.

IT IS IMPORTANT FOR EVERYONE TO KNOW, MOST PRODUCERS IN THE COUNTRY FEEL APHIS REALLY DOESN'T WANT TO ELIMINATE PSEUDORABIES, JUST SO CONGRESS KEEPS FUNDING IT, AND LOTS OF FOLKS WHO HAVE JOBS KEEP THOSE JOBS. A CONFLICT OF INTEREST IS ANOTHER WAY TO PUT IT. SERIOUSLY, DON'T ASK THIS QUESTION IN A SURVEY.

CLEARLY, ADMINISTRATIVE EXPENSES SHOULD BE KEPT SEPARATE FROM PROGRAM FUNDING. I SEE NO OTHER WAY OF FIXING THE PROBLEM. PRODUCERS DON'T UNDERSTAND, MYSELF INCLUDED, WHY THESE ITEMS ARE CHARGED ADMINISTRATIVELY. IF THE PRV PROGRAM WAS CANCELLED RIGHT NOW HOW MANY FEDERAL ADMINISTRATORS, PERSONNEL, AND VETERINARIANS WOULD BE OUT OF JOBS? I'D HAVE TO GUESS VERY FEW, IF ANY. APHIS IS CHARGED WITH SEVERAL MANDATES. THE BIGGEST OF WHICH IS A READY SYSTEM IN CASE WE HAVE A CATASTROPHIC DISEASE OUTBREAK.

I SHUDDER TO THINK SENATOR WHAT WOULD HAPPEN IF WE WERE INFECTED WITH AFRICAN SWINE FEVER WITH THIS SYSTEM. PRODUCERS CAN'T EVEN COMPREHEND TAKING ON SWINE DYSENTERY OR A T.G.E. PROGRAM WITH THE CURRENT STATE OF AFFAIRS. THE WHOLE SYSTEM WOULD BE CHARGING TIME OFF AGAINST ANY OF THESE DISEASES. WITH THIS SYSTEM THE FUTURE LOOKS BLEAK FOR CONTROL PROGRAMS WITH NO HANDLE ON OVERHEAD, AND NO EXPECTATION OF DELIVERY.

WE WOULD PROPOSE SENATOR, THAT EITHER:

1. A CENTRAL CLEARING ACCOUNT BE SET UP FOR ADMINISTRATIVE EXPENSES IN APHIS, AND THEN CHARGES BE MADE FROM THIS ACCOUNT IN ADDITION TO THE ACTUAL PROGRAM EXPENSE TO TELL THE TAXPAYERS

EXACTLY HOW MUCH EACH INITIATIVE COST. THE ACTUAL ADMINISTRATIVE AND OVERHEAD FUNCTION COULD THEN BE MANAGED. IF ADDITIONAL PEOPLE HAD TO BE HIRED, THEY COULD CONSCIOUSLY BE EXPENSED TO THE PROGRAM. AT THE PRESENT TIME THESE OVERHEAD COSTS ARE UNCONSCIOUS,

OR

2. WE NEED TO FIND AN AGENCY OF GOVERNMENT WHICH IS IN A POSITION TO CARRY ON PROGRAMS, SPECIFIC PROGRAMS WITHOUT DEVOURING ALL THE FUNDS. THE BEST EXAMPLE I HAVE REVIEWED TO DATE IS THE COOPERATIVE STATE RESEARCH SERVICE.

IT IS IMPOSSIBLE TO MANAGE A PROGRAM SENATOR, AT THE STATE LEVEL IF THE FOLLOWING FUNDING CRITERIA ARE NOT MET. THEY ARE:

1. WE MUST HAVE A PREDICTABLE SOURCE OF FEDERAL FUNDS. THIS IS THE ONLY WAY WE CAN GET A PREDICTABLE AMOUNT OF FUNDS FROM THE STATE.

2. WE MUST KNOW HOW MUCH IS GOING TO BE TAKEN OUT, BEFORE THE PROGRAM IS STARTED FOR ALL THESE OTHER EXPENSES.

3. THESE FUNDS MUST BE BASED ON A FORMULA. INFECTED STATUS IS A REASONABLE BASIS. WE CAN ILL AFFORD TO GET HALF WAY THROUGH THIS PROGRAM AND EXPECT THE STATE TO ENTIRELY FUND THIS EFFORT.

SECONDLY, RULES AND REGULATIONS MUST MAKE SENSE. THIS IS AN AREA WHERE PRODUCERS ARE QUITE CONCERNED AND UPSET. WE ARE TRULY BLESSED TO HAVE THE BIOTECHNOLOGY AVAILABLE TO OUR INDUSTRY WHERE YOU CAN VACCINATE AN ANIMAL AND LATER TEST TO SEE IF THE ANIMAL IS INFECTED. APHIS SHOULD BE IN A POSITION OF LEADERSHIP IN ADOPTING THIS NEW TECHNOLOGY. WE HAVE HAD LOTS OF CHRONIC, INFECTED HERDS IN IOWA, ALREADY CLEAN UP USING THESE NEW DIFFERENTIAL PRODUCTS. THE GREAT THING ABOUT IT IS EFFICIENCY AND PRODUCTIVITY DRAMATICALLY INCREASED IN THESE HERDS.

IN ADDRESSING THE PUBLISHED RULE, I AM BAFFLED BY SEVERAL PROVISIONS. IT CREATES A GREAT DEAL OF QUESTION ABOUT "HOW" THEY WERE DEVELOPED.

1. WHY WRITE A RULE THAT ALLOWS ONLY NON-VACCINATED HERDS TO USE THEM? WHY WRITE A RULE THAT ALLOWS ONLY CLEAN HERDS TO USE THEM? THEY ARE NOT THE PROBLEM.

2. WHY WRITE A RULE THAT DOESN'T RECOGNIZE THOSE HERDS CURRENTLY CLASSIFIED AND CONTINUING TO TEST CLEAN? ARE THE CURRENT STANDARDS NOT GOOD ENOUGH?

3. IF THE "DIFFERENTIAL TEST" IS GOOD ENOUGH TO MAINTAIN A STATUS, WHY ISN'T IT GOOD ENOUGH TO ESTABLISH THE STATUS? IT SHOULD BE DECLARED AN OFFICIAL TEST.

4. WHAT INCENTIVE FOR ME AS A PRODUCER, OR A BIOLOGICS COMPANY TO USE OR DEVELOP VACCINE IF ONLY NON-VACCINATED HERDS CAN USE IT?

5. THE PRINCIPAL REASON "DIFFERENTIAL PRODUCTS" WERE DEVELOPED WAS FOR TEST AND REMOVAL PURPOSES. WHY WASN'T THIS ADDRESSED IN THE PROPOSED RULE?

DOWN DEEP, WHAT CONCERNS ME MOST IS THE LACK OF LEADERSHIP IN THIS RULE. WHEN IT HAPPENS AT THE FEDERAL LEVEL THERE ARE SEVERAL STATES THAT JUST COPY IT AND SAY, "IT MUST BE RIGHT, IT'S APHIS".

I FIRMLY BELIEVE APHIS DOESN'T WANT VACCINE USED. RULES SUCH AS THE ONE PUBLISHED OCTOBER 31, 1989 ONLY CONFIRM IT. THE LEADERSHIP AND ATTITUDE OF APHIS ON VACCINES HAS A TREMENDOUS EFFECT ON INTERSTATE RULES AND TRAFFIC.

THE ADVISORY COMMITTEE STRONGLY BELIEVES A NEGATIVE PIG IS A NEGATIVE PIG REGARDLESS OF THE TESTS CURRENTLY LICENSED. THERE ARE STATES, SENATOR, WHO WON'T ACCEPT PIGS WHICH TEST NEGATIVE, BECAUSE THEIR "MOTHER SOW" WAS VACCINATED. IN REVIEWING THE PROPOSED RULE, IF YOU USE VACCINE YOU'RE OUT OF LUCK. IN CURRENT APHIS RULES, CONTROLLED VACCINATED HERDS ARE ALLOWED, BUT THE PROPOSED RULE DOESN'T ALLOW THEM. THE PRODUCERS MOST LIKELY TO USE THIS TECHNOLOGY IS THE SAME ONE RESTRICTED FROM USING VACCINE.

IMAGINE YOU ARE A PRODUCER WHO IS CLEAN AND USING VACCINE. WHY SHOULD I HAVE TO ELIMINATE THE VACCINE, THEREFORE BECOMING MORE AND MORE SUSCEPTIBLE TO RE-INFECTION. THEN ONLY TO TEST, THEN VACCINATE, THEN RETEST AND LIKELY USE THE VACCINE I JUST ELIMINATED FROM THE HERD?

IN ANOTHER EXAMPLE YOU ARE A PRODUCER WHO HAS BEEN QUARANTINED AND STARTED USING A "DIFFERENTIAL" VACCINE. SEVERAL MONTHS LATER, AFTER ROLLING YOUR SOW HERD, YOU NOTICE EFFICIENCY

AND PRODUCTION DRAMATICALLY INCREASE AND ALL YOUR PRV TESTS ARE NEGATIVE. HOW DO YOU GET OFF QUARANTINE? SHOULD YOU STOP VACCINATING AND RISK RE-INFECTION AND POSSIBLE SUBSTANTIAL DEATH LOSS? THE KICKER IS YOU'RE TESTING NEGATIVE ON A 95% "CONFIDENT SAMPLE TEST". NEGATIVE ON TESTING, BUT STILL QUARANTINED.

THE TRAGIC PART OF THE CURRENT APPROACH IF FUNDS WERE PUT IN TESTING, AND NEGATIVE PIGS WERE ALLOWED TO MOVE, PRODUCERS WOULD SEE PROGRESS AND GET BEHIND THE PROGRAM. THEY ARE NOT GOING TO WAIT AND FIND OUT. THE VACCINES CONTROL SYMPTOMS. FOR THE AVERAGE PRODUCER THAT MEANS HE WILL WALK AWAY FROM THIS PROGRAM, UNLESS IT MAKES SENSE.

I PERSONALLY WANT TO THANK YOU SENATOR FOR THE OPPORTUNITY TO TESTIFY TODAY AND WOULD BE GLAD TO RESPOND TO QUESTIONS. IT IS MY SINCERE HOPE AS A RESULT OF THIS DISCUSSION THAT WE BUILD A STRONGER AND MORE PRODUCTIVE PROGRAM APPROACH. SETTING PSEUDORABIES ASIDE FOR A MOMENT, THIS CURRENT APPROACH IS NOT EFFICIENT OR EFFECTIVE. THANK YOU.

Senator HARKIN. Eric, that last point you made goes back to the use of vaccine and shipment in interstate?

Mr. DEE. Yes, sir, and there are several vaccines that are licensed.

Senator HARKIN. Oh, is that right?

Mr. DEE. Yes, there are.

Senator HARKIN. That differentiate?

Mr. DEE. Correct.

Senator HARKIN. Well, I did not know that. That is pretty good information. There are several out there so we can——

Mr. DEE. I think the number is three or four. I am not sure.

Senator HARKIN. That are approved?

Mr. DEE. And licensed.

Senator HARKIN. Licensed. So we have a little competition out there between some of the makers of this vaccine?

Mr. DEE. Correct.

Senator HARKIN. That is good. All right. One of the questions I have for you all is, for the record, I just wanted to clarify the importance of Federal funding for pseudorabies eradication. Maybe there are some that say, well, let the States do it, let the producers do it, that kind of thing. And I throw it open for any one of you to answer that question. Why is it important to have Federal funding of the pseudorabies program? Let us establish that first.

Mr. GINGERICH. I would like to address that. The Pseudorabies Eradication Program is a new model. It is a new approach to eradicating diseases in animals, and it is more of a producer initiated and control program than we have had in the past. I think it is a model of people governing themselves, and this approach, well, it became necessary because we felt if we were going to have the resources we needed, we were going to have to do it ourselves.

So the idea here is that we definitely need Federal Government involvement, the umbrella organization, to work with States to make a uniform program. The producers' role, and it was number one to help to develop the program, and APHIS was very cooperative with us in doing that. Number two, we went to Congress and worked through ag appropriations and got the funding for the project that way. And I think because of that also is one of the reasons why we are also concerned that it is used in the most efficient way possible.

So the States have input, both legislatively and also departmentally, and I referred to that earlier. But I think that the new approach of the producers initiating these programs and doing and contributing $7 million last year is an important aspect.

Senator HARKIN. Producers?

Mr. GINGERICH. Yes. Well, the States and producers.

Senator HARKIN. States, in other words, appropriated money, and the producers came up with money themselves; is that it? I'm trying to get a handle on what that $7 million represents.

Mr. GINGERICH. Well, we got money in several ways: from State legislatures, Department of Health, State veterinarian departments, and then also the contribution of producers themselves, and our total for last year was $7 million as compared to the Federal funding which was 2.267, or whatever that number is.

Senator HARKIN. Yes, I think that is about right, yes.

Mr. **Gingerich**. So I think it is——

Senator **Harkin**. So what you are saying—Don, let me just interrupt—what you are saying is that of the total amount that went into the program, when you add up the States' and the producers' contribution it was more than the Federal contribution?

Mr. **Gingerich**. Yes, that is the point I am making. I am also making the point that producers need input into the program as to how that money is spent, and also we need more early involvement in rulemaking, too.

Senator **Harkin**. And obviously, again, just to repeat for the record, what you are saying about the need for Federal involvement, is that pseudorabies occurs in every State almost? I do not know if there are States that are pseudorabies-free right now?

Mr. **Gingerich**. We have States with little and probably no pseudorabies, but it is in most States.

Senator **Harkin**. Most States. And hogs cross State lines everyday, shipped back and forth. So it is in interstate commerce. So this is a legitimate role for the Federal Government to be involved in a national type of a program to make sure that it is standardized, and that the eradication program proceeds in a way whereby you might eradicate pseudorabies in one State, but if you are not doing it in another State, they ship hogs in, and that spreads pseudorabies again to the herds in the first State. So it has to be a national program.

Obviously, the States and producers, as you point out, are putting money into it, as they should. But it is still a proper role for the Federal Government to be involved in this, and we determined that several years ago. Let me get back to the States' involvement.

Harlan, I was reading your testimony last night. Let me just look in here again. I am a little concerned, and I may hear something from the APHIS people about this also. In your testimony you said that State legislators are currently reviewing the Governor's budget and due to limited State funds, it does not include an appropriation for this program. Now the budget, the Governor's budget in Iowa has come out now. Is there any appropriation for this program for next year or requested or recommended appropriation?

Mr. **Meyer**. Not in the Governor's budget. There was none, no.

Senator **Harkin**. Was there last year?

Mr. **Meyer**. None last year either. Last year was the first year where we were working on the 474 that Eric Dee chairs, and so therefore we was just getting our committee in the process of going at that time. So no, there was—and I do not know just exactly—there were probably some moneys through the Department of Agriculture that were used, which would actually be moneys used. But those you would have to ask our State veterinarian because I am not too familiar with how much funds they used out of that department for this purpose.

Senator **Harkin**. Since this is such a big program in Iowa since we have one-fourth of all the hogs in the country in our State, did Iowa, did the Iowa Legislature appropriate money for this program last year? We must have; there must have been money coming into the program from State appropriations? Because you state in your testimony that it was reported to us by a State legislator that Minnesota in fiscal year 1989 appropriated a little over $1 million on

PRV efforts. You went on to say that they did not spend all of their appropriations from APHIS, and as a result were cut 52 percent.

You say our counterparts in Minnesota confirmed this to us. Now if Minnesota appropriated over $1 million, what did Iowa appropriate?

Mr. **Meyer**. No direct appropriations came out of the Iowa legislators last year because we were in the process of writing or making or putting a bill into effect first, and so therefore we did not have any direct appropriations. Dr. Stewart did talk to our senate ag committee, and his recommendation at that time to the senate ag committee was that they expected matching funds from State legislators to help defray the cost of this eradication program.

But since there was no law into effect at that time—we were working on the law so that we would have an organized effort across the whole State of Iowa, and a very convenient way of eradication or efficient way, I might add, of eradicating the disease—there was no direct appropriations made to that except what might have been made through the Department of Agriculture.

Senator **Harkin**. Iowa Department of Agriculture?

Mr. **Meyer**. Right.

Senator **Harkin**. And I was informed by my counsel that it was about $300,000. Do we know what it was that the Iowa Department of Agriculture allocated to this program last year?

Mr. **Meyer**. Yes, and I really do not know what those figures would be. I would have to ask Dr. Felker, the State veterinarian, about what they would be. I have no idea unless Eric might.

Mr. **Gingerich**. I think that number was higher than that. I think it was more in the $400,000 range.

Senator **Harkin**. Again, I am asking a question here. I am trying to get to the bottom of how much Iowa put into it. And what it looks like for this year because I am a little concerned—I must frankly tell you that I am a little concerned that if Minnesota appropriates $1 million for this program, and I know they are not anywhere near Iowa in the number of hogs they have in Minnesota. I do not know where they rank, but they must be way down there someplace. I do not know, but they are not anywhere near Iowa.

Then am I correct in assuming that perhaps maybe our State is not meeting its obligations here? If we are going to have—I mean you pointed out, Mr. Gingerich, that we had the Federal moneys last year of $2.67 million. And that the producers and the States put in $7 million nationally—is that what you said? It is about that. Well, how is Iowa meeting its obligation? I am concerned about that. If the Governor does not have it in his budget. There is no request for it. I am concerned.

I recognize Mr. Telford, who is your executive director; if you want to have him join you at the table to respond, I am not going to stand on protocol here. I want to get answers.

Mr. **Meyer**. No, Senator. Part of the problem we had with our State legislators last year was because of the semen rule, and what went down on the final ruling of the semen upset our legislators quite. To be frank with you, a few of them were really upset because they had put so much money into the live hogs coming into

Iowa State University, and they were told that there would not be any semen coming into the United States; that the live hogs would be the only thing coming in.

Senator HARKIN. Yes.

Mr. MEYER. And because they were real reluctant to put anything into pseudorabies. And so that is one of the reasons we had problems there. And also, I met personally with the Governor of Iowa before he sent his budget up, and that was discussed. Matching funds was discussed. I was surprised it was not in there in his budgeting, but visiting with legislators, I am not so sure that the funding could not be received yet this year.

Senator HARKIN. Well, I hope so because obviously this has a tremendous economic impact on the State of Iowa, and while I think the Federal Government should meet its responsibilities, and that is what we are here about today in terms of the funding going through, I also think the States ought to meet their responsibilities, and especially Iowa since we are the number one pork-producing State in the Nation.

Mr. MEYER. Also I would like to mention that, of course, our legislators visit with other legislators from other States, and they have also questioned us about if we put more than matching funds into this program, how are we assured that our Federal budget will not also be cut just as it was in Minnesota. So they are pretty leery, and they are watching the dollars and watching to see what kind of process that we can come up with to guarantee that we are going to have the right amount of funding.

Senator HARKIN. Valid point. That is a very valid point.

Mr. DEE. May I make a couple of comments on that? We will be glad to answer your question any way you want it answered. If we do not have the information, we will find it.

Senator HARKIN. OK.

Mr. DEE. Point number one, our producers have been spending time making a program, a good program, a workable program that they can live with. It is really kind of hard to assess dollar values to that. But I think we have done that. Point number two is Iowa pork producers put $30,000 in this effort last year because we were going to run out of money for one reason or other. So the producers organization ourselves put money into it. We would hope that would help.

Senator HARKIN. You are not using any check-off money. Can you use check-off money for this?

Mr. GINGERICH. No.

Senator HARKIN. No. Should we be able to use check-off money for this? I am just trying to think of sources of funding. That is all.

Mr. GINGERICH. No, I think this type of program we should be using non-check-off revenue for this.

Senator HARKIN. OK I understand, Mr. Meyer, what you said about Iowa legislators talking to other legislators and about the Federal role, and hopefully we can get that cleared up adequately before the Iowa Legislature completes its business for the year, and that they will be able to come forward with some funding for pseudorabies eradication.

Mr. MEYER. Senator, I am hoping the same thing. Our projected funding we figure we are going to run out sometime between the first of March and first of April, and I am sorry to say but with a 6 months' delay in the eradication program would probably just about kill the program in the State of Iowa.

Senator **Harkin**. One last thing. Are APHIS veterinarians spending enough time on this program in Iowa that you see? I mean what do members of your organizations say?

Mr. **Dee**. I think our members are most concerned about efficiency of the program. One voice, people talking with one voice. Unfortunately, that is not happening now.

Senator **Harkin**. I understand.

Mr. **Dee**. I do not know if your question if the APHIS veterinarians are spending enough time, I just know that we have too many people doing too many things that are not coordinated.

Senator **Harkin**. And duplicative.

Mr. **Dee**. And they can be.

Senator **Harkin**. I wrote down when you testified about not much communications, that there is a lack of communications. Don, you mentioned that in your testimony that there is not good communication between the Federal and State vets. We will look into that, too. We are going to have the Iowa State veterinarian here talking about it. Well, I appreciate your being here. Anything else before I bring up the next panel?

Mr. **Dee**. Thank you.

Senator **Harkin**. Thank you all very much. This is an important program. We have invested a lot in it, and we just cannot let it falter.

Mr. **Meyer**. Thank you, Senator.

Senator **Harkin**. The next panel is Dr. Walter Felker, Iowa State Veterinarian, Iowa Department of Agriculture and Land Stewardship; Dr. George Beran, professor of veterinary medicine from Iowa State University; Dr. Donald Jacobi, president of the Iowa Veterinary Medical Association.

Here we go, Dr. Felker. How are you today anyway? Good to see you. Dr. Beran, Dr. Jacobi. Well, again your prepared statements will be made a part of the record in their entirety. I appreciate your being here today, coming to Washington to participate in this hearing, which again I think is most important, again, not only for Iowa but for the Nation in terms of continuing on what we decided we were going to do, and that is eradicate pseudorabies.

So, Dr. Felker, again, your statement will be made a part of the record. Please summarize if you can for 5 minutes the main points that you think I ought to know about.

STATEMENT OF WALTER FELKER, IOWA STATE VETERINARIAN, IOWA DEPARTMENT OF AGRICULTURE AND LAND STEWARDSHIP, DES MOINES, IA

INTRODUCTION

Dr. **Felker**. Yes, Mr. Chairman, I have a prepared statement as I am representing the Iowa Department of Agriculture and Land Stewardship which I would like to read. I think it would be very difficult for me to summarize it.

I know it is repetitious, but we feel that the subject is important enough to emphasize by repetition anyway.

Senator **Harkin**. Just highlight it maybe, highlight it for me, Dr. Felker.

UPDATE ON THE PSEUDORABIES ERADICATION EFFORTS IN IOWA AND ON THE LEVEL OF SUPPORT OUR EFFORTS ARE RECEIVING FROM APHIS

Dr. **Felker**. I appreciate this opportunity to come before the committee today as a representative of Iowa Secretary of Agriculture Dale Cochran to update you on our pseudorabies eradication efforts in Iowa and on the level of support our efforts are receiving from APHIS.

PSEUDORABIES IS A MAJOR THREAT TO THE VIABILITY OF MANY PORK PRODUCERS

Unquestionably, pseudorabies is a major threat to the viability of many pork producers, especially in Iowa, which produces 26 percent of the Nation's pork and 26 percent of swine breeding stock. We also have 45 percent of the Nation's pseudorabies problem. Approximately 22 percent of the 36,600 swine herds in Iowa are infected with this virus.

THE ECONOMIC CONSEQUENCES OF THIS DISEASE ARE ENORMOUS

The economic consequences of this disease are enormous. The disease will cost Iowa producers an estimated $21.8 million this year. This figure includes the cost of diagnosing and treating pseudorabies, death and reproductive failures of stock, decreased production, lost markets for seed stock and feeder pig producers and nearly $2 million in lost export opportunities for Iowa pork producers.

As you are well aware, our State, in cooperation with APHIS, has launched an aggressive program to make Iowa a pseudorabies-free State by the end of this decade. However, we have not received the Federal funding commitment necessary to meet this goal.

When the program was established, it was agreed by the States and APHIS that Federal support for our eradication effort should be distributed on the basis of the proportion of the Nation's swine herds in each State.

FUNDING

Since Iowa has approximately 26 percent of all breeding stock, it would follow that Iowa also would receive 26 percent of Federal program funds.

But it has not worked out that way. Available funding for the program is only 46 percent of the expected level during the planning phase. During fiscal 1989, Iowa received only 15 percent of the pseudorabies eradication appropriation, and this year our share will drop to about 11 percent. That is because Iowa is receiving $6,000 of the $620,000 appropriations increase for fiscal year 1990.

This funding shortfall will seriously hamper our ability to eradicate this disease on schedule. More disturbing is the prospect that the multimillion dollar economic losses this disease is causing for our producers will continue beyond the current decade.

It appears to me that funds for this program are being diverted to other areas. The pseudorabies program is new and has not generated need for a large administrative staff. There also has been no significant increases in staff, equipment or activity in Iowa that would indicate the program should incur substantial administrative costs.

We are concerned that a disproportionate share of pseudorabies funds is being spent for non-line item expenses. The pseudorabies program has not contributed to the overhead of other, older programs and it should not be depleted to cover those costs. Nor should the pseudorabies program be expected to contribute an inordinate share to the support of non-line item projects.

We respectfully request the committee to address these concerns so the money you appropriated to rid our Nation of this costly disease may be properly directed to that effort.

THE IOWA PROGRAM SPENT ABOUT $30,000 MORE THAN WE RECEIVED IN FEDERAL FEE MONEY

I would also point out that the Iowa program spent about $30,000 more than we received in Federal fee money. This was a result of veterinarians on a contract-fee basis providing services in excess of the budgeted allowance. We would respectfully request that the appropriation be increased to cover those costs.

LICENSING AND MAKING THE DIFFERENTIAL TEST AN OFFICIAL TEST

Now my additional comments concern the licensing and making the differential test an official test, and they are repetitious of the comments we made in the comment period. So I will forgo reading those.

Senator HARKIN. I would appreciate it because I have read it and I understand what you are saying, and we have covered that pretty well before, but I appreciate your doing that in the interest of time, Dr. Felker. Thank you. Dr. Beran.

[The prepared statement of Dr. Felker follows:]

Statement Dr. Walter Felker, State Veterinarian
Iowa Department of Agriculture and Land Stewardship
To the Senate Committee on Agriculture, Nutrition and Forestry
January 17, 1990

Mr. Chairman, Senators. I appreciate this opportunity to come before the committee today as a representative of Iowa Secretary of Agriculture Dale Cochran to update you on our pseudorabies eradication efforts in Iowa and on the level of support our efforts are receiving from APHIS.

Unquestionably, pseudorabies is a major threat to the viability of many pork producers, especially in Iowa, which produces 26 percent of the nation's pork and has 26 percent of swine breeding stock. We also have 45 percent of the nation's pseudorabies problem. Approximately 22 percent of the 36,600 swine herds in Iowa are infected with this virus.

The economic consequences of this disease are enormous. This disease will cost Iowa producers an estimated $21.8 million this year. This figure includes the costs of diagnosing and treating pseudorabies, deaths and reproductive failures of stock, decreased production, lost markets for seed stock and feeder pig producers and nearly $2 million in lost export opportunities for Iowa pork producers.

As you are well aware, our state, in cooperation with APHIS, has launched an aggressive program to make Iowa a pseudorabies-free state by the end of this decade. However, we have not received the federal funding commitment necessary to meet this goal.

When the program was established, it was agreed by the states and APHIS that federal support for our eradication effort should be distributed on the basis of the proportion of the nation's swine herds in each state.

Since Iowa has approximately 26 percent of all breeding stock, it would follow that Iowa also would receive 26 percent of federal program funds.

But it has not worked out that way. Available funding for the program is only 46 percent of the expected level during the planning phase. During Fiscal 1989, Iowa received only 15 percent of the pseudorabies eradication appropriation and this year, our share will drop to about 11 percent. That is because Iowa is receiving only $6,000 of the $620,000 appropriations increase for FY90.

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We respectfully request the committee to address these concerns so the money you appropriated to rid our nation of this costly disease may be properly directed to that effort.

I also would point out that the Iowa program spent about $30,000 more than we received in federal fee money. This was a result of veterinarians on a contract fee basis providing services in excess of the budget allowance. We would respectfully request that the appropriation be increased to cover these costs.

In addition to these comments on funding, I would offer the following comments in regard to the proposed rule changes, as published in the October 31, 1989 Federal Register.

The present requirements for interstate movement of swine, except to slaughter or to a quarantined feed yard are as follows.

a. Must be tested negative within 30 days with an official test. (a differential test is not an official test.)

b. Must be from a pseudorabies qualified negative herd.

c. Must be progeny, tested negative, from a pseudorabies controlled vaccinated herd.

The proposed requirement would also allow animals from a "qualified PRV/Marker vaccinated/gpx negative herd" to move interstate.

The problem is in the requirement to become a "qualified PRV/Marker vaccinated/gpx negative herd." The requirement, as proposed, can be made less stringent and obtain the necessary information.

Qualified Pseudorabies Negative herds should not have to retest all breeding animals before vaccination with "Marker" vaccine to qualify.

They have already tested negative to qualify for qualified pseudorabies negative status. They should be vaccinated with Marker vaccine at least 30 days before a maintenance test and continue maintenance testing with the "Herdcheck/gpx" test.

Pseudorabies controlled vaccinated herds should not have to test negative with an official test, except the "Herdcheck/gpx" test, which is not official. They would be automatically disqualified unless they were vaccinated with the "Marker vaccine. If differential tests were "official" previously "Marker" vaccinated swine could become eligible for interstate movement.

The negative test 35 days after vaccination 85.1 a.4 should be eliminated. This official test will be positive and require a negative Herdcheck/gpx. In other words, two tests will really be required and both should be eliminated.

Maintenance testing as provided in 85.1 b.1 will give the same information and will save labor and expense of testing many hogs.

Unknown herds unvaccinated and unknown herds vaccinated with "Marker" vaccine should be treated the same. The unvaccinated herds would vaccinate with "Marker" no more than 15 days after being tested. The vaccinated herds would revaccinated with "Marker" no less than 30 days before a maintenance test. This would eliminate much testing with no loss of information.

Any positive test would necessitate a quarantine release procedure as required in 85.1 a.2.

The other differential tests should be treated the same as the "Herdcheck/gpx" test when used with their complementary gene deleted vaccines.

They can be included in the definition and mentioned whenever the complementary vaccine is mentioned; or, the definition can be made inclusive for all gene deleted vaccines with a complementary differential test and eliminate the listing of each approved gene deleted vaccine and complementary differential test.

The intent of our suggested changes is to make differential tests "official tests." These changes also would allow animals previously vaccinated with a gene deleted vaccine having a complementary differential test to become eligible for interstate shipment, providing they meet testing requirments. Otherwise, that herd is automatically excluded from eligibility for interstate shipment.

The post vaccination tests can be eliminated as the maintenance testing will provide the same information.

The rules as amended and our proposed changes would not allow individual animals to move interstate on individual differential tests. The differentially tested animals would be from a "qualified PRV/Marker vaccinated/gpx negative herd." This is a safety feature to eliminate any risk of individual tests and is perhaps more stringent than necessary.

I would like to thank the committee for addressing this issue and I would be happy to respond to your questions.

STATEMENT OF GEORGE W. BERAN, PROFESSOR, COLLEGE OF VETERINARY MEDICINE, IOWA STATE UNIVERSITY, AMES, IA

Dr. BERAN. Thank you, Senator Harkin. Thank you very much for the opportunity to present testimony on the pseudorabies program.

PROJECTED COSTS

The projected costs for the program over a 10-year period were developed from a study which was funded from 1985 through 1987 by U.S. Department of Agriculture to Iowa State University, and out of this was generated a bell-shaped curve of anticipated expenditures for the national program over a 10-year period, a 10-year period which began the first of 1989.

That bell-shaped curve is on the third page of my prepared testimony.[1] When this was prepared, it was very explicitly stated what it was anticipated that this covered solely those costs which would be program costs at the State level for finding of infected herds, for monitoring the uninfected herds to ensure that they stayed uninfected, and for monitoring the cleaning up of infected herds. Then as the appropriations have been made, there have been many other items that have been included which were not a part of this. These have included legislative and public affairs staff, recruitment and development, policy and program development, management and budget, administrator reserve, central services, central charges, and total support units.

If we look at the amount of the appropriation that actually goes to the States, we find that it is almost exactly one-half of the total appropriation. This leads us to say we have to add these administrative costs to these figures in order to bring the appropriations into line with the planned program. The funding is certainly being well used. We have one of the contracts at Iowa State University with Veterinary Services for evaluation of the quarterly reports of the States and for assessment of them, and for the first three-quarters of the program, we find that essentially 80 percent of requested funds for the fiscal year were already spent, which in a gearing up program sounds really very good to me.

These expenditures have involved both Federal and State funds, the Federal funds actually being less than the bell-shaped curve would have indicated. I think it very important that in assessing the allocations to the pseudorabies program that we factor in all of these costs that are over and above the allocations to the States and realize that the projected request based on the economic study was on the basis of funding for programming at the State level.

SEVERAL ACTIONS NEED TO BE CONSIDERED

Now what can be done in this regard? I would like to suggest three areas of consideration. Number one, of course, is to increase the annual program appropriation to include these overhead costs, administrative costs and prorated salary costs.

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[1] See p. 62 for the table, State and Federal Pseudorabies Eradication Program Costs by Year and Category.

Second would be to exclude or place maximum percentages on overhead, administrative and prorated salary costs.

Third would be to consider the entire system of allocating from program budgets to the prorated portions of salaries of Federal personnel throughout the United States who are involved in those programs.

I would suggest that in the 1990's that we look away from the prorating of budgets for Federal veterinarians throughout the United States from disease control programs. We need this network of Federal veterinarians throughout the United States and we need their work irrespective of whether we have a particular eradication program going at the time or not. I would like to suggest that we move away from the concept of allocating salaries for Federal veterinarians throughout the United States on the basis of percentage of time that they give to brucellosis, percentage of time that they give to tuberculosis, or percentage of time that they give pseudorabies. I would like to see this given serious consideration.

Secondly, in commentary on the rule proposal of October 31, 1989, I have comments in the record that I submitted [2] on this as well as concurring very strongly with those that were submitted by the Iowa Pork Producers Association. My understanding is that this rule is in revision, and although the revised rule is not available to us at the present time, that the concepts that were put forth in the comments were given great consideration in the preparation of that revision. Thank you very much.

Senator HARKIN. Dr. Beran, thank you very much. Dr. Jacobi.

[The prepared statement and attachments of Dr. Beran follow:]

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[2] See pp. 64–65 for the commentary referred to by Dr. Beran.

TESTIMONY ON THE PROJECTED FUNDING OF THE NATIONAL PSEUDORABIES ERADICATION PROGRAM

The Senate Subcommittee on Nutrition and Investigations
Room 332 Russell Senate Office Building
January 17, 1990

During the years 1985-1987, an economic study on the costs of pseudorabies in the United States and the projected costs for national eradication was conducted at Iowa State University by Drs. Arne Hallam, Jeff Zimmerman and George Beran under a grant from the Animal and Plant Health Inspection Service (APHIS). The budget projections for the national program which began January 1, 1989 have been based on this study.

The projected costs for a ten-year eradication program were calculated at $162.8 million. Costs were calculated in five categories:

1. Initial case finding of pseudorabies infected swine herds. This will involve serologic sampling of all herds in the United States. A combination of sampling methods are available: sampling cull sows and boars at slaughter; sampling market breeding swine at first point of concentration; and down the road on-farm area testing.

2. Surveillance costs. This will involve continual monitoring of swine herds not initially found to be infected to detect new occurrence of infections.

3. Testing during cleanup of infected herds. This will involve periodic sampling to monitor progress in cleanup and ultimate certification of successful elimination of pseudorabies from these herds.

4. Records and data handling costs. Cleanup plans must be prepared on each infected herd and all serologic and laboratory records must be analyzed and reported.

5. Payments or subsidization to producers. Principally from state or industry funding, limited amounts of vaccine may be provided to producers; if herds are forcibly depopulated, limited indemnity may be paid to producers. It is projected that federal funding will not be used for indemnity.

The ten-year projected budget was based on actual federal-state sharing of program costs for case finding, surveillance, testing during cleanup, and records and data handling. Payments to farmers would be limited. Producers' costs come principally in labor required for testing, down-time during which production is halted or restricted and vaccination costs. The average producer costs per sow capacity in cleanup of an infected herd was calculated at $45 each.

Excluded from federal budget projections were government overhead costs, Veterinary Services federal administrative costs, Veterinary Services regional administrative costs and prorated costs for salaries of federal field personnel functioning in the pseudorabies program. Excluded from state budget projections were similarly overhead costs, administrative costs and personnel salary costs. Excluded from producer costs were lowered productivity in infected herds; death losses in infected cattle, sheep, dogs, cats and wild animals; sales and marketing losses incurred by restrictions of movement and sales; losses of export markets; and losses in producer satisfaction due to infection risks.

Based on these factors, an APHIS projected budget of $57 M over the 10 years was developed, essentially in the form of a bell shaped curve with greater allocation of funds in the middle years than at the beginning or end. State projected budgets were set to match APHIS funding.

Subsequent to the first year's appropriation of funds and allocations of funds to the areas excluded from the initial projected budget, the projections have been increased by 50-60% over the ten-year period to cover federal and state overhead, administration and prorated salary costs for each federal and state budget. This increases the projected federal and state projected ten-year budgets to $84.7 M each. The projected producer costs have not been changed. The total projected ten-year program budget is $238.1 M.

These data are tabulated as follows: State and Federal Pseudorabies Eradication Program Costs by Year and Category; Projected Costs for a National Pseudorabies Eradication Program; and Revised Projected Costs for the National Pseudorabies Eradication Program.

Several actions need to be considered:

1. Increase the annual program appropriation to include overhead, administration costs and prorated salary costs.

2. Exclude or place maximum percentages on overhead, administrative costs and prorated salary costs.

3. Create within the Veterinary Services budget, an appropriation for personnel separate from program budgets. The federal Veterinary Services structure which includes personnel at national, regional, state and area levels is necessary whether or not there are disease eradication programs in operation. They have surveillance, animal movement, export/import and regulatory functions which must be continually operational and their presence should not be predicated on whether or not pseudorabies, brucellosis, tuberculosis or other program diseases remain endemic in the United States. These program functions should be part of their assignments but these eradication programs should not be the budgetary sources of their salaries.

Respectfully submitted,
George W. Beran, DVM, PhD
Professor, College of Veterinary
Medicine
Iowa State University
Ames, Iowa 50011

STATE AND FEDERAL PSEUDORABIES ERADICATION PROGRAM COSTS BY YEAR AND CATEGORY

Years:	1	2	3	4	5	6	7	8	9	10	Total
Initial herd detection											
Percent of annual cost:	24.0	18.6	18.8	16.6	15.0	08.1	01.3	00.9	00.6	00.5	09.5
Percent of total cost:	01.5	01.4	01.7	01.7	01.7	01.0	00.1	00.1	00.1	00.1	09.5
Cumulative percent total:	01.5	02.9	04.7	06.4	08.2	09.1	09.3	09.4	09.4	09.5	09.5
Surveillance											
Percent of annual cost:	45.6	45.0	44.3	47.3	51.2	57.9	66.8	69.0	69.8	70.7	57.7
Percent of total cost:	02.9	03.5	04.1	05.0	05.9	06.8	07.3	07.4	07.4	07.4	57.7
Cumulative percent total:	02.9	06.3	10.5	15.4	21.3	28.2	35.5	42.9	50.3	57.7	57.7
Cleanup Serology											
Percent of annual cost:	04.5	09.8	09.8	08.0	06.3	03.8	01.6	00.9	00.4	00.1	04.3
Percent of total cost:	00.3	00.8	00.9	00.8	00.7	00.5	00.2	00.1	00.0	00.0	04.3
Cumulative percent total:	00.3	01.1	02.0	02.9	03.6	04.0	04.2	04.3	04.4	04.4	04.4
Personnel and Records											
Percent of annual cost:	22.8	20.7	20.1	22.3	24.1	25.3	26.2	25.8	25.1	25.1	24.0
Percent of total cost:	01.4	01.6	01.9	02.3	02.8	03.0	02.9	02.8	02.7	02.6	24.0
Cumulative percent total:	01.4	03.0	04.9	07.3	10.0	13.0	15.9	18.7	21.3	24.0	24.0
Payment to Producers (Essentially all state) (Vaccine provided, indemnity, etc.)											
Percent of annual cost:	03.1	05.9	07.0	05.8	03.4	04.9	04.0	03.4	04.2	03.6	04.5
Percent of total cost:	00.2	00.5	00.7	00.6	00.4	00.6	00.4	00.4	00.4	00.4	04.5
Cumulative percent total:	00.2	00.7	01.4	02.0	02.4	02.9	03.4	03.7	04.2	04.6	04.6
Annual Total											
Percent of total cost:	06.3	07.7	09.3	10.5	11.5	11.8	11.0	10.7	10.6	10.5	100.0
Cumulative percent total:	06.3	14.0	23.3	33.8	45.4	57.2	68.2	78.9	89.5	100.0	100.0

PROJECTED COSTS FOR A NATIONAL PSEUDORABIES ERADICATION PROGRAM
(in millions of dollars)

Years:	1	2	3	4	5	6	7	8	9	10	Total
Federal funds	2.8	4.5	6.8	8.5	11.3	8.5	5.7	3.4	2.8	2.7	57.0
State funds	2.8	4.5	6.8	8.5	11.3	8.5	5.7	3.4	2.8	2.7	57.0
Producer costs	3.4	5.6	8.2	10.3	13.7	10.3	6.9	4.1	3.4	2.8	68.7
Total yearly:	9.0	14.6	21.8	27.3	36.3	27.3	18.3	10.9	9.0	8.2	$182.7 M

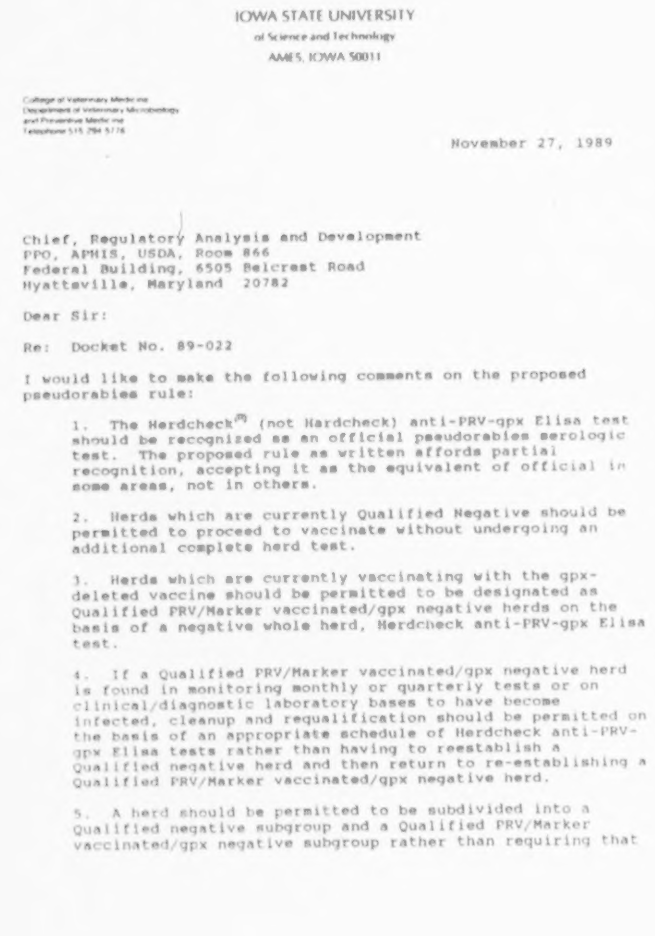
REVISED PROJECTED COSTS FOR THE NATIONAL PSEUDORABIES ERADICATION PROGRAM
(in millions of dollars)

Years:	1	2	3	4	5	6	7	8	9	10	Total
Federal funds	2.8	7.0	10.2	12.6	16.5	12.6	8.7	5.4	4.5	4.4	84.7
States	2.8	7.0	10.2	12.6	16.5	12.6	8.7	5.4	4.5	4.4	84.7
Producers	3.4	5.6	8.2	10.3	13.7	10.3	6.9	4.1	3.4	2.8	68.7
Total yearly:	9.0	19.6	28.6	35.5	46.7	35.5	24.3	14.9	12.4	11.6	238.1

COMMENTARY ON THE PROPOSED RULE TO CHANGE 9 CFR PART 85
FEDERAL REGISTER DOCKET NO. 89-022
October 31, 1989, pp 45739-45743

The proposed rule would amend the pseudorabies regulations to allow certain interstate movements of swine based on compliance with new herd vaccination and testing procedures. The effect of this action would be to allow an additional option for the interstate movement of swine without presenting a significant risk of pseudorabies being spread interstate.

During the commentary period for this proposed rule, I submitted the following comments on the proposed rule.



IOWA STATE UNIVERSITY
of Science and Technology
AMES, IOWA 50011

College of Veterinary Medicine
Department of Veterinary Microbiology
and Preventive Medicine
Telephone 515 294 5776

November 27, 1989

Chief, Regulatory Analysis and Development
PPO, APHIS, USDA, Room 866
Federal Building, 6505 Belcrest Road
Hyattsville, Maryland 20782

Dear Sir:

Re: Docket No. 89-022

I would like to make the following comments on the proposed pseudorabies rule:

1. The Herdcheck® (not Hardcheck) anti-PRV-gpx Elisa test should be recognized as an official pseudorabies serologic test. The proposed rule as written affords partial recognition, accepting it as the equivalent of official in some areas, not in others.

2. Herds which are currently Qualified Negative should be permitted to proceed to vaccinate without undergoing an additional complete herd test.

3. Herds which are currently vaccinating with the gpx-deleted vaccine should be permitted to be designated as Qualified PRV/Marker vaccinated/gpx negative herds on the basis of a negative whole herd, Herdcheck anti-PRV-gpx Elisa test.

4. If a Qualified PRV/Marker vaccinated/gpx negative herd is found in monitoring monthly or quarterly tests or on clinical/diagnostic laboratory bases to have become infected, cleanup and requalification should be permitted on the basis of an appropriate schedule of Herdcheck anti-PRV-gpx Elisa tests rather than having to reestablish a Qualified negative herd and then return to re-establishing a Qualified PRV/Marker vaccinated/gpx negative herd.

5. A herd should be permitted to be subdivided into a Qualified negative subgroup and a Qualified PRV/Marker vaccinated/gpx negative subgroup rather than requiring that

Chief, Regulatory Analysis and Development
Page 2
November 27, 1989

all swine in the herd over 6 months of age must be vaccinated. In the monthly or quarterly tests, each subgroup would be tested separately by the applicable serologic tests. This would permit a producer to sell PRV/Marker vaccinated or unvaccinated breeding swine.

These recommendations are respectfully provided for your consideration.

Yours sincerely,

George W Beran

G. W. Beran, DVM, PhD
Professor
Rm 2134 Vet Med

The proposed rule is in revision following the many comments submitted to the Animal and Plant Health Inspection Service. I do not have a copy of the proposed revised draft at the time of this writing.

Respectfully submitted,

George W. Beran, DVM, PhD
Professor, College of Veterinary Medicine
Iowa State University

STATEMENT OF DONALD JACOBI, PRESIDENT, IOWA VETERINARY MEDICAL ASSOCIATION, HARLAN, IA

INTRODUCTION

Dr. **JACOBI**. Thank you, Senator Harkin, for allowing me to comment. I will comment on the basis of my position as president of the Iowa Veterinary Medical Association, but also as a private practitioner from western Iowa.

MONEYS OWED TO IOWA PRACTITIONERS SHOULD BE PAID

I guess it all boils down, this whole program affects me and my client, and the fact is that some of my colleagues have not been paid for their services rendered under contract in this program to the tune of about $30,000, and so I guess what I am saying is my fellow practitioners that are owed this money should be paid. We feel it is only right because they did sign a contract to do that. These veterinarians are important links in this program. They spend a considerable amount of time educating the client about the program and doing the work necessary to complete it.

And we also feel that the remuneration which is now $3 per head is not enough to pay for the tests that are completed, and we feel that it should be raised to $4. We originally requested that. It was cut back. It started out as $2, and it is now $3.

Senator **HARKIN**. What is the $3 per head for?

Dr. **JACOBI**. Per head. For the contract of doing the work necessary to draw the blood and to process it and submit the records.

Senator **HARKIN**. I see. Who does the testing of the blood? Is that done in Iowa, Iowa State?

Dr. **BERAN**. It is done at Iowa State.

Dr. **JACOBI**. But there is a considerable amount of processing before it even gets there.

Senator **HARKIN**. I understand.

VETERINARIANS ARE IMPORTANT LINKS TO A SUCCESSFUL PRV PROGRAM

Dr. **JACOBI**. We feel that veterinarians are a real important link in this program, as I alluded to before, and also we feel that the Federal veterinarians, the Veterinary Service, should be kept out in the field as is, and Dr. Beran alluded to how these programs are funded, but we believe that these fellows out in the field are necessary to help us with the program and also to carry on the other functions that they already are involved in. We would not like to see their services cut in any way.

THE PROPOSED PRV/MARKER RULES SHOULD BE MODIFIED

The other point I want to make is that the proposed PRV/Marker rules should be modified, and I understand those modifications have been considered, but we would like to have a prevaccination test not required. We would not like to see a requirement for an official test after vaccination. We would like to see a suspect category provided in the interpretation of the test, and we would like to see the differential test to be allowed for a quarantine release, and we would also like to see the enabling negative tested vaccinates and their offspring be able to cross State lines with the same privileges as the nonvaccinates.

And I guess I would conclude my remarks with that, and if there are any questions, I will be glad to try and answer them.

Senator HARKIN. All right. Thank you very much, Dr. Jacobi.

[The prepared statement [3] of Dr. Jacobi follows:]

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[3] In the prepared statement of Dr. Jacobi on page 68 reference is made to attachment 1. Please see pp. 101-102 for the fee-basis agreement.

IOWA VETERINARY MEDICAL ASSOCIATION
TESTIMONY BEFORE THE SENATE AGRICULTURAL SUBCOMMITTEE ON NUTRITION AND INVESTIGATIONS

January 17, 1990
Russell Senate Office Building
Washington, D.C.

Thank you for the opportunity to testify before this subcommittee today. My name is Donald Jacobi. I am a partner in a three person, predominately food animal veterinary practice in Harlan, located in west-central Iowa. I appear before this subcommittee both as a food animal practitioner and as the current Iowa Veterinary Medical Association president. The Iowa Veterinary Medical Association has a membership of 950 Iowa veterinarians, the great preponderance of whom are food animal practitioners, and as such are directly impacted by the pseudorabies eradication efforts. As a representative of the Iowa Veterinary Medical Association and as an individual practitioner I wish to bring to your attention several facts about the federal administration of the pseudorabies eradication effort that are, or will have, negative influences toward the success of this program.

First we will address the federal fee-basis agreement payment problems, then we will discuss the impact of the proposed USDA-APHIS rule on movement of PRV/Marker vaccinated swine in interstate commerce. The fee basis agreement is a contractual arrangement between USDA-APHIS-VS and individual veterinary practitioners participating in the pseudorabies eradication program. According to the cooperative Federal/Iowa PRV eradication plan, participating veterinarians agree to perform specified tasks in program areas and with PRV-quarantined herds outside the official program areas. These duties include, but are not limited to, explanation of the eradication program, enrollment of swine producers in the program, development of herd clean-up plans, collection and submission of blood samples, affixing permanent identification of all swine tested, providing herd vaccination services, and performing prescribed record-keeping and report submission to document the above activities-in return for federal remuneration. For assistance with these professional activities, USDA-APHIS-VS agreed to pay, upon submission of the appropriate documentation, the fee-basis charges as outlined in their supplemental materials. Each veterinarian involved in the eradication effort must sign a fee-basis agreement (Attachment 1) prior to initiating program activities. The problem is that, although some participating veterinarians provided the services as required by the agreement they have not been paid. As of January 10, 1990, according to Dr. Lawrence Birchmier, Iowa PRV Coordinator, there are 90 Iowa veterinarians that are owed $30,031.85 by USDA-APHIS-VS for fee basis services rendered for FY89. This non-payment for contracted services is an untenable position for USDA-APHIS-VS to maintain. Participating veterinarians and the Iowa Veterinary Medical Association believe that USDA-APHIS-VS has the responsibility to perform their obligations under these contractual agreements. Although this occurrence is not the first instance of, nor the largest example of, federal contract cost and payment overruns, it represents a substantial, and unnecessary, financial hardship for the involved Iowa veterinarians. We believe that USDA-APHIS-VS should not be attempting to pass these incurred contractual program costs to the affected veterinarians through non-payment nor should they be required to seek payment from other parties involved in the PRV eradication program. A contract that has not been rescinded should be valid for all who perform under its conditions. Veterinarians believe that USDA-APHIS-VS should make contractually required payment just like any other client.

Another problem, common to many APHIS-VS programs, is the low fee-basis allocations for professional services. The $3.00 per blood sample drawn, allowed in the FY90 program, would be adequate reimbursement for a technician to draw blood under veterinary supervision, but is woefully inadequate to compensate professional veterinarians for the performance of all services, as required by the fee-basis agreement. However , the fee-basis agreement specifically precludes others from performing these bleeding services. The additional professional and staff time commitments for handling samples, for sample submission to the laboratory, for maintaining required test records, for assisting with client test scheduling, for interpretation of test results, and for general program education activities necessary to forward this program justify a higher fee. The Iowa Pseudorabies Advisory Committee, a producer dominated group that was charged by the Iowa Legislature to identify problem areas in the program, recognized this inadequacy in 1989 and recommended that the $2.00/sample fee be raised to a minimum of $4.00/sample. It is our understanding that the regional VS director refused this recommendation and authorized the $3.00/sample fee basis for FY90. Although this $3.00 level is higher than provided for in other states, it is an inadequate remuneration for the diversity of professional services being provided by practicing veterinarians, and therefore should be raised by the PRV program administration. Such an increase will require that more federally appropriated funds reach the state fee-basis level, where the bulk of the eradication work with swine producers is being accomplished. Generally, more funding resources are needed at the state level to accomplish the national eradication goals established by the pork producers and USDA.

The importance of enthusiastic participation by practicing veterinarians cannot be underestimated for the success of this control and eradication effort. In many communities the veterinarian is a major source of program momentum and for its credibility. There are a tremendous number of misconceptions and sources of false information in most communities. Veterinarians, because of their general professional training and their specific knowledge of animal disease conditions at the local level, have been thrust into the forefront of the eradication battle. Each producer must be contacted and encouraged to schedule a PRV testing date, draw the necessary blood samples, then assisted in interpretation of the resultant values. Such encouragement to participate and individual educational efforts take time, effort, and local involvement, and are most appropriately carried out by local veterinarians. However, most practicing veterinarians do not specialize in exclusive swine practice, therefore the time and energy devoted to the pseudorabies program must be taken from other practice commitments. Such substitution of efforts on behalf of the PRV program should be compensated at program expense. Otherwise veterinarians, as with all independent business people, will concentrate their primary professional efforts on those activities that return profit to their operations. Pseudorabies program activities will be allocated a secondary position to be accomplished when all other activities have been completed. Because of the program complexity and the aggressive national PRV eradication schedule, effective local veterinary leadership is vital to timely program success. Inadequate remuneration or problems with slow or nonpayment of contractual obligations in the USDA-APHIS-VS fee-basis activities will have demonstrable detrimental effects on the rapidity and success of the PRV eradication effort, and will provide skeptics of this eradication activity an excuse for non-participation.

The problems detailed above should not be taken as criticism of local USDA activity. From our membership's perspective, the efforts of the local USDA-APHIS-VS veterinarians are vital to practitioner success in completing their assigned regulatory duties. The APHIS activities for early detection and efficient elimination of an exotic foreign animal disease when introduced into the U.S. livestock population justify the expense of maintaining this infrastructure, even if they did nothing else. However, at the local level, they do more, but so much more could be done to support the veterinary practitioners. For example, it is our understanding that the total commitment of VS field staff for pseudorabies work this year is 1400 hours. With about 10,000 infected herd, this time allocation probably will not be sufficient to serve all the quarantines generated by the eradication effort, and leaves no time for program support or development. This lack of resources is not how to advance a new program.

Our complaints are centered around the amounts appropriated for and the mechanisms of animal disease eradication funding. The administrative problems being discussed today at the national level should not be allowed to diminish the local USDA-APHIS-VS presence. A strong local VS presence is necessary to identify emerging disease problems, conduct surveillance for exotic animal diseases, and to monitor the effectiveness of existing disease control problems. These activities require a cadre of permanently-based, well-trained, effective veterinarians who can interact with and assist private practitioners to further disease control activities, who are familiar with local conditions and problems, and who can maintain a dialogue with local practitioners and producers. Such activities can not be accomplished by one or several administrative veterinarians housed in a state capitol looking at computer-generated results or reports, but are critical to the success of all disease control efforts. We, in Iowa, are blessed with a effective and dedicated federal veterinary corps, and wish to make every effort to maintain it. These field veterinarians provide invaluable assistance to our membership and we would ask that their activities be strengthened rather than reduced. Such activities are vital to maintaining a competitive animal production industry in Iowa and the U.S.

The other major area of testimony that we wish to provide regards the USDA proposed rule published October 31,1989 delineating the requirements for movement of swine from herds that have been immunized with the Syntrovet PRV/Marker vaccine. The proposed rule published in 54 Federal Register p 45739-43 to amend 9 CFR part 85 inadequately addresses three major areas in the use of this new technology for the control and eradication of pseudorabies. As currently proposed, these rules have limited practical usefulness and may be counterproductive to the successful utilization of these new important technologies in the major swine production areas of the United States. Iowa practitioners have a special affiliation with this technology because the initial developmental work on subunit vaccines and differential tests for PRV detection was conducted at Iowa State University, as part of the campus-wide biotechnology efforts. Appropriate use of these techniques could represent the first instance where simultaneous use of vaccines and diagnostic tests are utilized to eradicate a disease-either in human or in veterinary medicine. The rules should be rewritten to encourage such activities and to more fully address the following concerns of pork producers and of practicing veterinarians.

First, the proposed rule would not allow breeding herds that have previously used pseudorabies vaccines, including the PRV/Marker vaccine addressed in this rule, to participate without a major shift in the herd makeup. The requirement of a 100% negative official test before initiation of vaccination is not practical in currently vaccinated herds, particularly in high pseudorabies (PRV) incidence areas. To participate a vaccinated herd would have to remove all vaccinates before the initial herd test. Otherwise , the test could be positive and subject the herd to quarantine. The time and expense of removing all vaccinates and replacing them with non-vaccinates would be substantial. In addition, this non-vaccinated herd would be at a potentially greater risk of infection than its vaccinated predecessor. The dangers of generating an unwarranted quarantine are also substantial, and could put them out of business. Provisions should be added to enable use of the Herdchek test in PRV/Marker vaccinated herds to determine herd PRV status. Such action would be consistent with the spirit of bringing the best technology to bear on this disease situation through the proposed rule.

In the rule, as constituted, once a herd has established a negative herd status it could maintain the qualified status through the use of the Herdchek for an unlimited period. If this test is adequate to maintain a PRV-free status, it should be adequate to establish such a status. Similarly, currently qualified negative herds should be allowed to initiate vaccination after a regular recertification test, and not be required to undergo a 100% test of swine over 6 months of age as proposed. These actions would not compromise PRV control and eradication efforts, but would increase the number of herds in several states that could utilize this new technology.

The requirement of 85.1 [Qualified PRV/Marker vaccinated gpX negative herd (4)] that all animals over 6 months of age must be tested with an official PRV serologic test and those positive animals retested with the Herdchek test and found negative demonstrates an incomplete understanding of the practical application of this technology and is an unnecessarily redundant exercise. It can be predicted that the official PRV serologic test will demonstrate that the greater preponderance of these vaccinated swine have detectable antibodies because these tests survey serums for multiple glycoproteins, not the specific glycoprotein (gpX) deleted from PRV/Marker vaccine. The Herdchek test examines the serum specifically for antibodies to this glycoprotein. This is the only selective ELISA methodology by which PRV/Marker vaccinates can be differentiated from field-strain infected swine. The necessity of requiring both an official ELISA and a Herdchek test at 35 days post vaccination must be seriously questioned. The requirement of periodic herd recertification by monthly or quarterly testing of a percentage of the herd will accomplish the same goal without subjecting pork producers and veterinarians to the capital and labor expense and to the physical dangers of unnecessary blood collection and testing and testing procedures.

The proposed rule is silent on the methodology for handling the "suspect" category animals that will inevitably occur with any serologic test. This omission is not consistent with the protection offered with the official tests to produce qualified negative herds under 9 CFR part 85.1(2)(ii). Without a provision similar to that for a qualified herd, suspect category animals could trigger imposition of a quarantine and quarantine-release procedures. This single omission in the proposed rule is sufficient to make the technology unusable for a large percentage of potential adopters. The risks of an inadvertent and incorrectly-placed quarantine are too great without protection similar to 85.1(2)(ii).

Second, the Herdchek is only one of three differential tests that have been approved by USDA for industry use. The proposed rule deals only with the Herdchek product, and generates terminology (i.e. Qualified PRV/Marker vaccinated/gpX negative herd) that is linguistically cumbersome in the singular, but which will become increasingly confusing as additional vaccines and tests are approved for use under similar sections. A more generic category designation of "differential vaccinate" to describe all swine vaccinated with these approved products would reduce confusion and improve communications at the producer and practitioner level. All herds, irrespective of differential vaccine type used, meeting the certification requirements of this proposed rule could be identified as "Qualified/Differential/Negative Herds." Unless such a system is implemented, it is foreseeable that at least four qualified negative herd classifications would exist in the field. This situation would represent an intolerable and unnecessary regulatory morass froth with opportunities for error and misunderstanding at all levels of the industry. Additions of general definitions for PRV differential vaccinates, differential tests, and differential vaccines and a requirement that the vaccine type be noted on health certificates used for interstate shipment would greatly improve this proposed rule and simplify the integration of additional differential tests into 9 CFR part 85.

Third, this proposed rule specifically precludes the Herdchek test from the list of "official" serologic tests. The experiences by state regulatory officials in Iowa, Illinois, North Carolina, and other states over the past year would indicate that Herdchek can be successfully utilized to differentiate non-infected vaccinated swine from infected swine which are either vaccinated or non-vaccinated. Similar experiences are currently being generated for the other approved differential tests. Generally the attitude of diagnosticians is that they are developing a high degree of confidence in the predictive values of these tests. A negative gpX Herdchek test result has demonstrated a predictive value equal to the serum neutralization test at a 1:4 dilution, and can be used in a wider range of herds, because it can be used in vaccinated herds. The official tests can not be used in vaccinated herds with a high degree of predictability because they are not specific enough in their protein differentiation. Producers and veterinarians that I interact with believe that by use of this differential vaccination and testing methodology, the control and eradication of PRV can be advanced in an economical and scientifically sound basis. This attitude is particularly prevalent in the high incidence areas where vaccination is recognized as an important part of PRV control efforts. These successful experiences should be reviewed and integrated into this proposal before a final rule is published.

Although not a major aspect of the currently proposed 9 CFR part 85 amendments, herd quarantine release procedures for the PRV eradication program should be reevaluated in light of these emerging experiences with the use of differential vaccination/testing for quarantine release of PRV infected herds. These technologies offer the opportunity for producers and veterinarians to work together to protect a herd from catastrophic economic losses while removing the PRV carrier animals. Quarantine release procedures should be rewritten to enable vaccinated herds to test out of a quarantine using a differential vaccine and accompanying test. Such modifications would greatly speed the PRV control and eradication efforts and could significantly lower the federal/state program costs in high population states like Iowa.

The proposed rule (Docket #85-022) should be amended to enable the swine industry to more fully utilize this new class of technology to further the PRV eradication program. Such utilization can only be achieved by provisions that are cost-effective, scientifically-sound and offer protection both to the users of this technology and to pork producers who choose not to participate in its usage. This proposed rule does not meet these standards on several counts and must be improved before final publication. Attached are examples of amended language that should address the three major problems identified supra.

In summary , the Iowa Veterinary Medical Association wishes to take this opportunity to make the following points:

1) the $30,031.85 owed to Iowa practitioners should be paid
2) fee-basis remuneration should be increased to reflect the tasks completed:
3) veterinarians are important links to a successful PRV program:
4) the local VS presence should be kept as is or strengthened:
5) the proposed PRV/Marker rules should be modified by:
    a) not requiring a prevaccination official test
    b) not requiring an official test after vaccination
    c) providing a "suspect" category for test interpretation
    d) allowing this differential test to be used for quarantine release, and
    e) enabling negative-tested vaccinates and their offspring to cross state lines with the same privileges as non-vaccinates.

Senator HARKIN. Now these bills that have come in, you say about $30,000, that is statewide?

Dr. JACOBI. Yes.

Senator HARKIN. That is statewide. And these veterinarians—I want to emphasize this for the record—these veterinarians had a contract to perform these services. They did the services yet they have not been paid?

Dr. JACOBI. That is correct.

Senator HARKIN. Have you had any indication about when they are going to be paid? Tell me how those funds get out? To whom do veterinarians put in their bill for services? To you, Dr. Felker?

Dr. FELKER. That is fee basis work, and those bills come in to the Federal office, and they are paid. In Iowa those moneys are disbursed through the Federal office.

Senator HARKIN. Through APHIS?

Dr. FELKER. Yes.

Senator HARKIN. Directly to the veterinarian?

Dr. FELKER. Right, right.

Senator HARKIN. It is not to you and then from you to the veterinarians; it is direct to the veterinarian?

Dr. FELKER. Right.

Senator HARKIN. I understand.

Dr. FELKER. There are two categories of money. There is fee basis money and cooperative money.

Senator HARKIN. I see. Dr. Beran, looking at your bell-shaped curve figures that you have in your testimony, you had the projected costs. That was initial. Then you have the revised projected costs, which is substantially more, and you arrived at this by factoring in some of these administrative costs and things that we now are looking at; right?

Dr. BERAN. Exactly right, yes.

Senator HARKIN. We are now, again for the record, what year are we now in with respect to your cost projections?

Dr. BERAN. We are in year No. 2, and we are looking toward year No. 3 to begin.

Senator HARKIN. Next fiscal year 1991?

Dr. BERAN. Yes.

Senator HARKIN. Next year, 1991 will be fiscal year 3?

Dr. BERAN. Right.

Senator HARKIN. It will be the third year.

I just see that Mr. Gingerich had testified that the National Pork Producers was requesting for fiscal year 1991 $12.7 million.

Dr. BERAN. Exactly right. And actually that $12.7 million and the $12.6 million here are the same figure.

Senator HARKIN. Same figure, yes.

Dr. BERAN. I will be happy to go with $12.7 million, and what the basis of this is that this program nationally is progressing more rapidly than was initially projected in the development of this economic study.

Senator HARKIN. Which I think is a tribute to the pork producers who have really been involved in this.

Dr. BERAN. It is a tremendous tribute to the whole program nationwide. The proposal is that we leap ahead, knowing that the program has moved farther into that acceleration phase than at the time when we developed this in 1985 that we dared to hope would be true in 1990.

Senator **HARKIN**. What did I say the impact was nationally of pseudorabies, economic losses nationally? About $60 million.

Dr. **BERAN**. You suggested a little over $60 million.

Senator **HARKIN**. A year.

Dr. **BERAN**. And I think that is a good figure. We use about $21.8 million for the State of Iowa, and I think that $60 million is as good a figure as we can come up with at this time.

Senator **HARKIN**. So I would ask all of you as veterinarians would you say the program thus far has been quite successful?

Dr. **BERAN**. Yes. There are numerous States that are well on their way to total completion of the program. It is actually moving more rapidly than was dared to project.

Senator **HARKIN**. So looking at the projected increases in costs for the Pseudorabies Eradication Program that you have now put before us and comparing them to the amount appropriated of—what did we have this year—I am sorry? 3.2——

Dr. **BERAN**. 3.29.

Senator **HARKIN**. $3.292 million for the second year, which is about half of what was in your projected cost schedule, and so would you say that looking at these figures that this shortfall would cause a delay in the completion of the program?

Dr. **BERAN**. It is going to cause very much delay in the major swine producing States where costs are highest. Iowa being our example throughout today; we would like to be at a point of having 20 counties in the program, and we have 10.

Senator **HARKIN**. And would you further say—I do not mean to lead the witness here—but would you further say that if you stretch this program out more than 10 years, and obviously inflation is going to take its toll, that it is going to wind up costing us a lot more down the pike——

Dr. **BERAN**. Yes, it is.

Senator **HARKIN** [continuing]. Than what we are projecting right now if we attack the problem and meet it head on right now?

Dr. **BERAN**. That is right.

Senator **HARKIN**. Another point that has to be made is that we have the ability now to carry out the Pseudorabies Eradication Program. We have everything in place. The producers are involved, and by putting this Federal money in up-front, and you say you can actually collapse that bell-shaped curve, you can collapse it a little bit, and you think we can actually do this more rapidly, that in the long-run it is going to cost us less money, if we made the decision to eradicate it, which we have.

Dr. **BERAN**. Which we have.

Senator **HARKIN**. Then it would cost us less if we do it in the shorter term. Yes, Dr. Jacobi.

Dr. **JACOBI**. If I might make a comment, Senator. In relation to that, at the producer level it is very important to maintain the momentum that the program has established because it is very easy to let this thing slide out in the country. The guy has no problems. He is vaccinating for pseudorabies. Everything is going along fine. Why the heck do I need to test my animals, you know? That attitude can prevail and become dominant in a county, and it is very difficult to convince them otherwise if we let the program stall out.

Senator **Harkin**. I understand. Are APHIS veterinarians limiting the time they spend on the pseudorabies program? Are they limiting their time that they spend on the pseudorabies program?

Dr. **Felker**. The projections for the coming fiscal year is yes, that we can expect less time from the Federal veterinarians in our program, yes.

Senator **Harkin**. Why?

Dr. **Felker**. Well, I think they are responding to budget deficits of their own, and I think they are diverting their attention to other programs which we have worked more cooperatively with. They are picking them up and dropping pseudorabies on us, you see.

Senator **Harkin**. I see. Now, Dr. Felker, let me just close with your panel by asking you about the State commitment here. You heard me talking to the pork producers that were here before. Again, the Governor's budget has come out for next year; right?

Dr. **Felker**. Right.

Senator **Harkin**. And is there nothing in there, no request for——

Dr. **Felker**. There is nothing in the Governor's budget is my understanding. However, we are going to keep working, of course, in the House of Representatives to get our request reestablished. But we asked the Governor for, not necessarily the Governor, but the department included about $600,000 that would be over—now that is an over and above-figure that we had last year. And we did not get that included in the Governor's budget.

Senator **Harkin**. You asked for a total of $600,000?

Dr. **Felker**. Well, that would be an increase in our departmental budget. Now we do not get line item pseudorabies money in Iowa. We just spend about, our accountants tell us, about $350,000 from our appropriation is spent on pseudorabies in the field. So if we asked for the $600,000 roughly. That is an over and above figure. That would be an attempt to put our available money back to the shortfall that we were expecting on the Federal side.

Senator **Harkin**. So you are saying $600,000 more so you would be up around $1 million?

Dr. **Felker**. Right.

Senator **Harkin**. And you are asking the legislature to provide that additional money?

Dr. **Felker**. Right. As I say, the Governor has not included that in his budget, but we will be——

Senator **Harkin**. Because as I said, if Minnesota can appropriate that money, it would seem to me that Iowa should be equally as committed to this. Cannot the Iowa, and since I feel very strongly about this program—cannot the Iowa Legislature say that in their appropriations process that $600,000 has to be allocated to the pseudorabies program?

Dr. **Felker**. Well, we are hoping that they look favorable our way.

Senator **Harkin**. That is what we do here, stipulate how much ought to be spent. We have some problem in the administrative end of it, but we stipulated how much should be spent on pseudorabies.

Dr. **Felker**. But our departmental budget went to the Governor with that amount to be earmarked for pseudorabies.

Senator **Harkin**. Dr. Beran, I understand you are a member of USDA Swine Pseudorabies Advisory Committee.

Dr. **Beran**. Of the Technical Advisory Committee to APHIS, yes.

Senator **Harkin**. Yes. Did APHIS ever consult with you or this advisory committee prior to the issuing of the rule on October 31, 1989?

Dr. **Beran**. No. I knew some of this was coming, and I have, personally have been in very open, very good correspondence, principally by telephone, with the APHIS swine disease staff. This Technical Advisory Committee reached its sunset during fall of 1989. That was our last official meeting. A new committee is in process of being organized, and the new committee has not met as yet, so there is a little hiatus here that has undoubtedly played a role in it. I would like to credit the swine disease staff in their bringing materials and proposals to the Technical Advisory Committee.

I feel that this committee has been well used throughout. Dr. Ormiston is the one who has been principally involved in working with this committee.

Senator **Harkin**. Did your committee ever discuss these funding problems?

Dr. **Beran**. Yes.

Senator **Harkin**. You did discuss it?

Dr. **Beran**. We do discuss funding.

Senator **Harkin**. And your opinion as to why the rule was not discussed is simply because of this break in the committee, one was going out of existence and the new committee coming in; is that right?

Dr. **Beran**. I am suggesting that that is probably a factor here. I guess I never asked the question why it was not brought to the committee.

Senator **Harkin**. All right. Well, Dr. Felker, I will be talking to Secretary Cochran about this funding proposal and to some of my counterparts in the Iowa Legislature. We are going to work hard here to make sure the Federal Government meets its commitments, and I hope that the States will also.

Dr. **Felker**. Thank you.

Senator **Harkin**. Thank you very much. Thank you all very much for being here.

Dr. **Beran**. Thank you, Senator.

Senator **Harkin**. Panel three is Dr. Lonnie King, Deputy Administrator for Veterinary Services in APHIS; Mike Gregoire, Director of the Budget and Accounting Division for Animal and Plant Health Inspection Service. Mr. Gregoire, did I pronounce that name correctly?

Mr. **Gregoire**. Yes, you did. Very few people get that right.

Senator **Harkin**. Well, I asked my counsel. He helped me. Dr. King, thank you for being here on this subject, and your statement will be made part of the record, and I would ask you to go ahead and proceed as you so desire.

STATEMENT OF LONNIE J. KING, DEPUTY ADMINISTRATOR, VETERINARY SERVICES, ANIMAL AND PLANT HEALTH INSPECTION SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY MICHAEL C. GREGOIRE, MANAGEMENT AND BUDGET, DIRECTOR FOR BUDGET AND ACCOUNTING, ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Dr. KING. Thank you very much.

INTRODUCTION

Mr. Chairman, with me today, as you know, is Mike Gregoire. He is the Director of Budget and Accounting Division. I am the Deputy Administrator for Veterinary Services within APHIS. I am going to read part of this testimony, if you will. I will summarize the other part, and then finalize it with, I would like to read another part of this testimony based on the proposed rule.

THE PSEUDORABIES ERADICATION PROGRAM

Mr. Chairman and members of the committee, we appreciate the opportunity to appear before you today and to respond to concerns that you have raised about the Pseudorabies Eradication Program, which is a cooperative effort involving the Department of Agriculture's Animal and Plant Health Inspection Service (APHIS), the States, and producers.

As you know, Mr. Chairman, the pseudorabies program began as pilot projects in five States; Iowa was one of those States. That started in 1983-84. A sixth State, Minnesota, was added in 1987. The pilot projects demonstrated to us that eradication was, indeed, feasible, and the swine industry urged us to establish a full-scale eradication program. That project became a national cooperative eradication program on January 1, 1989, with the States and industry expected to contribute an estimated 60 percent of the costs of the 10-year program.

FUNDING

Let me begin by addressing your concern about the funding for field activities. Although the APHIS appropriation included $2.672 million that was earmarked for pseudorabies during the first year of the national program in fiscal year 1989, we believed the agency had to make a strong commitment at the outset of the program to set the program on a solid footing. Therefore, we actually committed $3.1 million to the program in fiscal year 1989, which was $400,000 above the amount earmarked for pseudorabies, that was committed directly to the field. The high level of support was made possible by lower levels of spending in other APHIS programs. This situation has, unfortunately, led to a misunderstanding over the amount of funds being allocated to pseudorabies field activities during this fiscal year of 1990.

At the beginning of the fiscal year, we made tentative allocations to APHIS programs based on congressional action completed at that time. We did not have an enacted appropriation for the full fiscal year until late November. The earmarked amount for pseudorabies after sequestration under the Gramm-Rudman-Hollings deficit reduction law is $3.292 million. This is a slight increase over the $3.1 million that was actually obligated to the program in fiscal year 1989. However, because of increased operating costs and because we must absorb the cost of pay raises for Federal employees in fiscal year 1990, we will be operating at about the same level of Federal funding as in fiscal year 1989.

I WILL SUMMARIZE SOME OF THOSE EXTRA COSTS

I will just take a second to summarize some of those extra costs that we have this year that we did not have in past years in pseudorabies. For example, now we have a pseudorabies epidemiologist in the central region of which Iowa is part, costing $54,000, that was not part of pseudorabies funding last year. We have two graduate students, one in the University of Minnesota; one starting in the University of North Carolina for the sole purpose of training and gaining expertise in pseudorabies so that we have experienced people in epidemiology and pseudorabies. That is translated into part of the money spent for pseudorabies that was not spent in 1988 or 1989.

In addition, last year we did not take out warehouse charges for pseudorabies. That amount this year is $245,000. It is all the supplies used by our area office, our field VMO's, our animal health technicians, from pencils to tablets, to tests, to boots, to coveralls, to disinfectant, et cetera. And I would look at those charges as program costs; our people in Iowa are using these pieces of equipment in pseudorabies activity. Also, the test kits for pseudorabies have increased in amount, and also in cost. That has to be factored in. So these are some of the things, and if you like later we can get into more detail, but I just wanted to draw those to your attention.

Administration which includes the office of the administrator, legislative and public affairs, and management and budget, has been limited to no more than 5.15 percent of our budget since the creation of the agency in the early 1970's. It is agency overhead. This year that amount is 4.9 percent. In addition to agency support or administrative support, APHIS has agency level program support. As part of the APHIS headquarters reorganization last year, we have centralized some activities such as planning, policy development, recruitment, training, program design that had been formerly carried out in each individual program area.

Since the reorganization, APHIS has put in additional resources into high priority areas such as strategic planning, recruiting, training, and improving science for better decisionmaking and to strengthen the scientific and technical base of our agency. We think these are essential activities that would be lacking as key elements in any program, especially pseudorabies.

We also have a net amount from each program which is the total appropriation less the assessment for agency-level support. It is allocated to each APHIS Deputy Administrator with a functional responsibility. These funds then go to cost centers, including the area office, the regional office, laboratories, the warehouse which I talked about and operational support which are the staff officers in the Washington area that are so much a part of this program.

SUMMARY OF THE MAIN POINTS ON FUNDING AND ALLOCATION

To summarize my main points, then, on funding and allocation:

First because we must absorb pay cost increases and fund increasing operating costs, we will be operating a pseudorabies program at about the same level of activity as in 1989.

Second, we have provided a modest increase for the program in Iowa this year over the amount allocated in fiscal year 1989.

Third, because pseudorabies will pay its fair share of expenses and because of the consolidation of purchases to save money, some State allocations will be reduced.

We are confident that the funds allocated to the States are adequate to further the progress of the national eradication program based on that first 10-year study.

THE PURPOSE, THE NEED, AND IMPACT OF THE PROPOSED RULE ON INTERSTATE MOVEMENT OF SWINE IN THE PSEUDORABIES PROGRAM

You have also asked us to address the purpose, the need and impact of the proposed rule on interstate movement of swine in the pseudorabies program which was published in the Federal Register on October 31, 1989. Because this matter is still in rulemaking, my prepared testimony covers only the material in the public record itself. I would like to provide some background information to aid in the understanding of that proposal. We are in an ex parte situation right now.

Almost 2 years ago, on March 29, 1988, APHIS issued a product license to Syntrovet Laboratories of Lenexo, Kansas, for a pseudorabies marker called a PRV/Marker, a genetically modified vaccine designed to provide a distinctive antibody response for the purpose of differentiating serological tests. On August 1, 1988, more than 17 months ago, we issued a product license to Idexx Corporation of Portland, Maine, for its complementary diagnostic test referred to as Herdchek gpX Antibody Test. This test is designed to differentiate animals vaccinated with PRV/Marker from those actually infected with the disease. Before these two products became available, any animal that showed the presence of pseudorabies antibody was considered to be infected, because we could not distinguish the cause of the positive test. Consequently, restrictions were placed on the interstate movement of vaccinated animals.

In November 1988, the U.S. Animal Health Association and the American Association of Veterinary Laboratory Diagnosticians recommended that we make this Herdchek Test an official test for the pseudorabies program, making it possible then to move PRV/Marker vaccinated animals interstate with less restrictions than swine that were vaccinated with traditional vaccines. Our tests on Herdchek showed that it would be an acceptable differential diagnostic test and we decided to issue a regulatory change. The proposed rule published on October 31, 1989, would amend pseudorabies regulations to allow certain interstate movement of swine based on compliance with new herd vaccination and testing procedures using PRV/Marker vaccine and the Herdchek Test.

During the 30-day comment period we received 27 comments. An additional 23 comments were received after the comment period closed. Many of the comments raised concerns about the approval of only one brand of vaccine and one test when other, similar products will be entering the market. I believe we have already had witnesses testify, and I know of three other products that are approved genetically engineered vaccines at this point. Another concern was that we did not address in the proposed rule the issue of herds already vaccinated with PRV/Marker. We will address these issues in the final rule which we are currently preparing.

CONCLUSION

We hope this testimony has helped to clarify some of the issues concerning pseudorabies eradication. We appreciate the opportunity to be here today, and we would be happy to respond to any questions you might have.

Senator HARKIN. Thank you very much, Dr. King.

[The prepared statement and attachment of Dr. King follow:]

TESTIMONY OF DR. LONNIE KING
DEPUTY ADMINISTRATOR, VETERINARY SERVICES
ANIMAL AND PLANT HEALTH INSPECTION SERVICE
UNITED STATES DEPARTMENT OF AGRICULTURE
BEFORE THE SUBCOMMITTEE ON NUTRITION AND INVESTIGATIONS
SENATE COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

JANUARY 17, 1990

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, WE APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY TO RESPOND TO CONCERNS YOU HAVE RAISED ABOUT THE PSEUDORABIES ERADICATION PROGRAM, WHICH IS A COOPERATIVE EFFORT INVOLVING THE DEPARTMENT OF AGRICULTURE'S ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS), THE STATES, AND PRODUCERS.

AS YOU KNOW, MR. CHAIRMAN, THE PSEUDORABIES PROGRAM BEGAN AS PILOT PROJECTS IN FIVE STATES (ILLINOIS, IOWA, PENNSYLVANIA, NORTH CAROLINA, AND WISCONSIN) IN 1983-1984. A SIXTH STATE, MINNESOTA, WAS ADDED IN 1987. THE PILOT PROJECTS DEMONSTRATED THAT ERADICATION WAS FEASIBLE, AND THE SWINE INDUSTRY URGED US TO ESTABLISH A FULL-SCALE ERADICATION PROGRAM. THE PROJECT BECAME A NATIONAL COOPERATIVE ERADICATION PROGRAM ON JANUARY 1, 1989, WITH STATES AND INDUSTRY EXPECTED TO CONTRIBUTE AN ESTIMATED 60 PERCENT OF THE COSTS OF THE 10-YEAR PROGRAM.

LET ME BEGIN BY ADDRESSING YOUR CONCERN ABOUT THE FUNDING FOR FIELD ACTIVITIES. ALTHOUGH THE APHIS APPROPRIATION INCLUDED $2.672 MILLION THAT WAS EARMARKED FOR PSEUDORABIES DURING THE FIRST YEAR OF THE NATIONAL PROGRAM IN FISCAL YEAR 1989, WE BELIEVED THE AGENCY HAD TO MAKE A STRONG COMMITMENT AT THE OUTSET TO SET THE PROGRAM ON A SOLID FOOTING. THEREFORE, WE ACTUALLY COMMITTED $3.1 MILLION TO THE PROGRAM IN FISCAL YEAR 1989, INCLUDING ABOUT

$400,000 above the amount earmarked for pseudorabies, that was committed directly to the field. The high level of support was made possible by lower levels of spending in other APHIS programs. This situation has, unfortunately, led to misunderstanding over the amount of funds being allocated to pseudorabies field activities in fiscal year 1990.

At the beginning of the fiscal year, we made tentative allocations to APHIS programs based on congressional action completed at that time. We did not have an enacted appropriation for the full fiscal year until late November. The earmarked amount for pseudorabies after sequestration under the Gramm-Rudman-Hollings deficit reduction law is $3.292 million. This is a slight increase over the $3.1 million that was actually obligated to the program in fiscal year 1989. However, because of increased operating costs and because we must absorb the cost of pay raises for Federal employees in fiscal year 1990, we will be operating at about the same level of Federal funding as in fiscal year 1989.

Now let me address your concern that pseudorabies funds may be used to cover general administrative and overhead expenses of APHIS that are not associated with the pseudorabies program. I would like to do this by describing the Agency's fund allocation process. APHIS is funded through a lump sum appropriation, but all funds are earmarked by Congress for line item programs such as pseudorabies. It is our policy generally to abide by the earmarked amounts. There is no separate earmarked amount for costs such as administration, training, equipment, information support, and regional offices. At the beginning of the fiscal year, the Administrator sets a budget for Agency-level administrative and program support costs. Each program line item is assessed proportionately for these costs. The cost of Agency level

ADMINISTRATION, WHICH INCLUDES THE OFFICE OF THE ADMINISTRATOR, LEGISLATIVE AND PUBLIC AFFAIRS, AND MANAGEMENT AND BUDGET, HAS BEEN LIMITED TO NO MORE THAN 5.15 PERCENT SINCE THE CREATION OF THE AGENCY. THIS YEAR IT IS 4.9 PERCENT.

IN ADDITION TO AGENCY-LEVEL ADMINISTRATIVE SUPPORT, APHIS HAS AGENCY-LEVEL PROGRAM SUPPORT. AS A PART OF THE APHIS HEADQUARTERS REORGANIZATION IN 1989, WE HAVE CENTRALIZED SOME ACTIVITIES SUCH AS PLANNING, POLICY DEVELOPMENT, RECRUITMENT, TRAINING, AND PROGRAM DESIGN THAT HAD FORMERLY BEEN CARRIED OUT IN EACH INDIVIDUAL PROGRAM AREA. SINCE THE REORGANIZATION, APHIS HAS ALSO PUT ADDITIONAL RESOURCES INTO HIGH PRIORITY AREAS SUCH AS STRATEGIC PLANNING, RECRUITING, TRAINING, AND SCIENCE TO IMPROVE DECISIONMAKING AND STRENGTHEN THE SCIENTIFIC AND TECHNICAL BASE OF THE AGENCY. AS WITH AGENCY-LEVEL ADMINISTRATION, THESE INITIATIVES ARE FUNDED PROPORTIONATELY FROM EACH PROGRAM AND BENEFIT EACH PROGRAM. WITHOUT THESE ESSENTIAL ACTIVITIES, OUR PROGRAMS WOULD LACK SOME OF THE KEY ELEMENTS FOR SUCCESS: TRAINED PEOPLE, EQUIPMENT FOR THEM TO USE, LABORATORY SUPPORT, AND WELL PLANNED AND DESIGNED PROGRAM ACTIVITIES.

THE NET AMOUNT FOR EACH PROGRAM, WHICH IS THE TOTAL APPROPRIATION LESS THE ASSESSMENT FOR AGENCY LEVEL SUPPORT, IS ALLOCATED TO EACH APHIS DEPUTY ADMINISTRATOR WITH FUNCTIONAL RESPONSIBILITY FOR LINE PROGRAMS. EACH PROGRAM DEPUTY ADMINISTRATOR FURTHER ALLOCATES FUNDS TO COST CENTERS IN HIS OR HER ORGANIZATION TO CARRY OUT PROGRAM ACTIVITIES. THE COST CENTERS INCLUDE AREA AND REGIONAL OFFICES, LABORATORIES, SUPPLY WAREHOUSE, AND OPERATIONS SUPPORT AT HEADQUARTERS.

In the case of pseudorabies, the funds that were allocated to the Office of the Deputy Administrator in fiscal year 1990 have been allocated to our cost centers. Concerning the funds allocated to our regional offices, the Regional Directors allocate funds to the States for survey and clean-up costs on the basis of breeding swine populations and prevalence of infected herds in the region. Working with our State cooperators, they also take into account the status and quality of the State program, and the commitment of industry in each State.

Only part of the field operations costs are paid from State allocations. We are increasingly making use of consolidated purchases for program supplies and equipment to take advantage of better prices when buying in volume. Pseudorabies has not always paid its fair share of these items in the past. For example, the program was not assessed the cost of supplies from the Central Warehouse in Kansas City in fiscal year 1989, but will be assessed in fiscal year 1990, resulting in an increased cost of $245,000. In addition, new vehicles are being purchased for use in the program at a cost of $50,000 replacing vehicles with more than 100,000 miles. The net result of these and other charges is a slight reduction in the amount of funds used for local field activities in some States.

Let me summarize my main points on the funding and allocation issues. First, because we must absorb pay cost increases and fund increased operating costs, we will be operating the pseudorabies program at about the same level of activity as in 1989. Second, we have provided a modest increase for the program in Iowa this year over the amount allocated in fiscal year 1989. Third, because pseudorabies will pay its fair share of expenses and because of the consolidation of purchases to save money, some State allocations will be

REDUCED. WE ARE CONFIDENT THAT THE FUNDS ALLOCATED TO THE STATES ARE ADEQUATE TO FURTHER THE PROGRESS OF THE NATIONAL ERADICATION PROGRAM.

YOU ALSO HAVE ASKED US TO ADDRESS THE PURPOSE, NEED, AND IMPACT OF THE PROPOSED RULE ON INTERSTATE MOVEMENT OF SWINE IN THE PSEUDORABIES PROGRAM WHICH WAS PUBLISHED IN THE FEDERAL REGISTER ON OCTOBER 31, 1989. BECAUSE THIS MATTER IS STILL IN RULEMAKING, MY PREPARED TESTIMONY COVERS ONLY MATERIAL IN THE PUBLIC RECORD. I WOULD LIKE TO PROVIDE SOME BACKGROUND INFORMATION TO AID IN UNDERSTANDING THE PROPOSAL.

ALMOST 2 YEARS AGO, ON MARCH 29, 1988, APHIS ISSUED A PRODUCT LICENSE TO SYNTROVET OF LENEXO, KANSAS, FOR PRV/MARKER, A GENETICALLY-MODIFIED VACCINE DESIGNED TO PROVIDE A DISTINCTIVE ANTIBODY RESPONSE FOR THE PURPOSE OF SEROLOGICAL DIFFERENTIATION. ON AUGUST 1, 1988, MORE THAN 17 MONTHS AGO, WE ISSUED A PRODUCT LICENSE TO IDEXX OF PORTLAND, MAINE, FOR ITS COMPLEMENTARY DIAGNOSTIC TEST, HERDCHEK GPX ANTIBODY TEST. THIS TEST IS DESIGNED TO DIFFERENTIATE ANIMALS VACCINATED WITH PRV/MARKER FROM INFECTED ANIMALS. BEFORE THESE TWO PRODUCTS BECAME AVAILABLE ANY ANIMAL THAT SHOWED THE PRESENCE OF A PSEUDORABIES ANTIBODY WAS CONSIDERED TO BE INFECTED, BECAUSE WE COULD NOT DISTINGUISH THE CAUSE OF THE POSITIVE TEST. CONSEQUENTLY, RESTRICTIONS WERE PLACED ON THE INTERSTATE MOVEMENT OF VACCINATED SWINE.

IN NOVEMBER 1988, THE U.S. ANIMAL HEALTH ASSOCIATION AND THE AMERICAN ASSOCIATION OF VETERINARY LABORATORY DIAGNOSTICIANS RECOMMENDED THAT WE MAKE THE HERDCHEK TEST AN OFFICIAL TEST IN THE PSEUDORABIES PROGRAM, MAKING IT POSSIBLE TO MOVE PRV/MARKER VACCINATED ANIMALS INTERSTATE WITH LESS RESTRICTIONS THAN SWINE VACCINATED WITH TRADITIONAL VACCINES. OUR TESTS ON HERDCHEK SHOWED THAT IT WOULD BE AN ACCEPTABLE DIFFERENTIAL DIAGNOSTIC TEST

AND WE DECIDED TO PURSUE A REGULATORY CHANGE. THE PROPOSED RULE PUBLISHED ON OCTOBER 31, 1989, WOULD AMEND THE PSEUDORABIES REGULATIONS TO ALLOW CERTAIN INTERSTATE MOVEMENT OF SWINE BASED ON COMPLIANCE WITH NEW HERD VACCINATION AND TESTING PROCEDURES USING PRV/MARKER VACCINE AND THE HERDCHEK TEST.

DURING THE 30-DAY COMMENT PERIOD WE RECEIVED 27 COMMENTS. AN ADDITIONAL 23 COMMENTS WERE RECEIVED AFTER THE COMMENT PERIOD CLOSED. MANY OF THE COMMENTS RAISED CONCERNS ABOUT THE APPROVAL OF ONLY ONE BRAND OF VACCINE AND ONE TEST WHEN OTHER, SIMILAR PRODUCTS WILL BE ENTERING THE MARKET. ANOTHER CONCERN WAS THAT WE DID NOT ADDRESS THE ISSUE OF HERDS ALREADY VACCINATED WITH PRV/MARKER. WE WILL ADDRESS THESE ISSUES IN THE FINAL RULE, WHICH WE ARE CURRENTLY PREPARING.

WE HOPE THIS TESTIMONY HAS HELPED TO CLARIFY SOME OF THE ISSUES CONCERNING THE PSEUDORABIES ERADICATION PROGRAM. WE WILL BE HAPPY TO RESPOND TO ANY QUESTIONS YOU MAY HAVE.

Senator HARKIN. Well, let us see if we can walk through this to make sure we are all talking about the same numbers as closely as possible here. The 1989 appropriation was $2.672 million. Was that correct? Is that the same number that you have?

Dr. KING. Mr. Gregoire will help on some of these figures.

Senator HARKIN. All right. I just want to make sure we get the same things here. The 1990 appropriation after Gramm-Rudman is $3.292 million.

Mr. GREGOIRE. That is correct.

Senator HARKIN. So that is a $620,000 increase?

Mr. GREGOIRE. Yes.

Senator HARKIN. Now the, $3.292 million, how much goes to overhead and administration here in Washington, and how much goes for overhead and administration outside of Washington?

Mr. GREGOIRE. In Washington, Senator, we have two agency level support categories. One is administrative support. That is 4.9 percent. And that covers the Administrator's office, the legislative and public affairs staff, and management and budget.

Senator HARKIN. That is here in Washington?

Mr. GREGOIRE. Yes.

Senator HARKIN. Yes.

Mr. GREGOIRE. We also have central program support which is recruitment, training, strategic and operational planning, regulations development, those sorts of functions. Those amount to about 3 percent. In total, the support costs for this program, pseudorabies, including those at headquarters, are 17.8 percent. That covers the cost from the regional offices up through the Administrator's office in APHIS.

Senator HARKIN. 17.8 percent.

Mr. GREGOIRE. Yes.

Senator HARKIN. Now, let me make sure I understand where you are getting the 17.8 percent. Let me see if I can focus just on the administrative support. I show here $10 million for the Office of the Administrator. I am talking this year 1990.

Mr. GREGOIRE. $10,000.

Senator HARKIN. I am sorry, $10,000. $20,000 for legislative and public affairs.

Mr. GREGOIRE. Yes.

Senator HARKIN. $132,000, management and budget.

Mr. GREGOIRE. Yes.

Senator HARKIN. Add those up, that is $162,000. That is 4.9 percent.

Mr. GREGOIRE. Yes.

Senator HARKIN. Then we drop down and we have another item that you mentioned called central program support. That includes two items: policy and program development; and recruitment and development. For policy and program development, I have $47,000, and for recruitment and development I have $52,000.

Mr. GREGOIRE. Yes.

Senator HARKIN. Those two come to $99,000. Add that to the $162,000 plus one other item, central services, at $24,000. When you add those all up, I get $285,000, which I calculate out at 8.66 percent of the appropriation.

Mr. GREGOIRE. Yes.

Senator HARKIN. Now those all appear to me to be administrative support, and 8.66 percent is more than the 5.15 percent limitation that we directed in our appropriations measure.

Mr. GREGOIRE. Senator, we define only the first three items that you cited as administrative support within the agency. Those include Office of the Administrator, legislative and public affairs, and management and budget. That is historically how we have defined that and controlled it within the agency.

Senator HARKIN. You defined it that way also in fiscal year 1989?

Mr. GREGOIRE. Yes. The central program support items were formally carried out in each of the different program areas of APHIS. Those were centralized at the agency level last year.

Senator HARKIN. Can you explain to me why in 1989 for administrative support we had $123,000 and in 1990, that goes to $162,000, which is a 30 percent increase in that item. Why has it gone up by 30 percent?

Mr. GREGOIRE. We apply the same percentage to each of the line item programs in APHIS for administrative support so if funding for a program is increasing, the share for administrative support would increase proportionately.

Senator HARKIN. So you are saying all those line items went up by about 30 percent? Legislative and public affairs office, the Administrator, they all went up by 30 percent?

Mr. GREGOIRE. I have not calculated those, but they would have gone up proportionately.

Senator HARKIN. I guess I just did not understand your answer to my question why it went up by 30 percent.

Mr. GREGOIRE. The percentage would remain the same from one year to the next. We have limited administrative support to no more than 5.15 percent. As the total program funding increases, so would the dollar amount that comes from that program for the administrative support.

Senator HARKIN. That is right. Now our appropriation did not increase by 30 percent. Our appropriation increased by about 23 percent. It is not 30 percent. We did not go up by one-third, not after Gramm-Rudman-Hollings. So it looks like your administrative costs have gone up faster than what we have appropriated. And that is what I am concerned about.

Let me ask you this. How much does APHIS take off the appropriation before any money is actually allocated to the eradication program? Can you answer that question? How much does APHIS take off the appropriation before any money is allocated to the Pseudorabies Eradication Program?

Mr. GREGOIRE. This would be all the items that are described under administrative support and central program support. The net amount is allocated to each Deputy Administrator in APHIS who has functional responsibility for carrying out that program.

Senator HARKIN. Now we are getting at something there. OK. So you are saying that, if I am looking at my chart here, that there is $285,000 that you take off before you allocate to the eradication program; is that right?

Mr. GREGOIRE. Yes.

Senator HARKIN. Well, that is 8.66 percent of the appropriated amount. It is not 5.15 percent. So if you are taking that off the top for administration, it is not 5.15 percent. It is 8.66 percent. And the appropriations measures explicitly state no more than 5.15 percent.

Dr. KING. Let me just jump in here.

Senator HARKIN. Yes.

Dr. KING. One point of clarification when we talk about central program support. We have a staff called Recruitment and Development. We have training programs for pseudorabies of which we have four programs planned, four training programs a year that include State people. We have the recruitment of young veterinarians entering into APHIS as careers. That used to be done before reorganization by each staff individually; this staff was created to centralize the function and handle it more efficiently. Since this was centralized, these processes then are central within APHIS.

So the training, the program planning and development, and the recruitment are part of that. And that goes directly to pseudorabies. In the past, it has not been calculated that way.

Senator HARKIN. Well, then why are you calculating it that way now?

Dr. KING. To reflect the reorganized staffs of Recruitment and Development and Policy and Program Development. They are now separate staffs and this work is no longer being done by individual pseudorabies staff or swine disease staff. It has been centralized in a group. The same group works in brucellosis, works in some of our plant programs, et cetera.

Senator HARKIN. OK. Let me ask you this. The allocation that you give to administrative support, central program support and central services, those three items that we just added up to $285,000, is that just based on—it seems to me you said it is based upon the percentage of the program. Why is it based upon a percentage of the program? Why is it not based upon actual need? What is the actual need out there that you have for this? Why should it be based on a set percentage of the program?

Mr. GREGOIRE. We have approximately 40 programs in the agency, Senator, and the level of support in the agency is really driven by what the program needs are. We apply this same percentage, the 4.9 percent, to each of the 40 line items in APHIS. We do not have a system whereby each administrative person accounts for their time back to the 40 different line items. We apply the same percentage to each of the APHIS programs at the same percentage rate.

Senator HARKIN. Well, that is why it appears to me that the $285,000 is administrative support. That is what it is. And if so, it should be limited by the 5.15 percent. Now if you want to come up here and say that we should increase that administrative cost, well, our Appropriations Committee will look at that, but that is not what we put in there for this year. And it seems like you have gone well over that 5.15 percent because just from what you tell me, it seems to me that that is indeed administration and overhead.

Let me follow up with that by saying that you have the $285,000. Now we may disagree. I think that is all administrative support. You may say it is for recruitment and other things like that, but that is still administrative overhead. So if we take that off, then we have net to the program. You are taking the $285,000 off the top. That means that net to the program is $3,007,000.

Mr. **Gregoire**. That is correct.

Senator **Harkin**. Net to the program. But then I looked at the tables, and I see there is another cut made for program direction and support of $302,000, which I have calculated to be 9.1 percent of the appropriation; is that correct?

Mr. **Gregoire**. Yes.

Senator **Harkin**. What is the difference between administrative support, central program support and central services, and program direction and support which includes staff operations, Deputy Administrator, and regional offices? Is that not also administrative cost?

Dr. **King**. I do not think so.

Senator **Harkin**. No?

Dr. **King**. First of all, staff operations would be our veterinarians and clerical support working almost exclusively on pseudorabies, if not exclusively, a great deal of their time spent on pseudorabies per se. Dr. Beran mentioned Dr. Ormiston and his work on the technical committee and these other committees, writing the UM&R, doing all the statistics. That work is directly part of pseudorabies, and that is part of the staff operations, and it is a direct charge.

The Deputy Administrator's office and the regional office, the Deputy Administrator's office is strictly prorated based on the line item, and the regional offices are actually prorated on the amount of funding that would go into that line item. The one that I will draw to your attention in 1989 is the increase in regional costs for which pseudorabies did not pay its fair share in 1988-89. So in some of these we are just catching up and making sure that pseudorabies is charged a fair share as the rest of the programs are. So we do not consider that by definition or otherwise part of overhead.

Senator **Harkin**. Are those figures for staff operations, Deputy Administrator, and regional offices set according to time spent on the program?

Dr. **King**. The staff operations are a direct charge, and that was very close to the time spent on the programs, yes.

Senator **Harkin**. How about Deputy Administrator and how about regional offices?

Dr. **King**. The regional offices, I do not think so. I think that is prorated from each line item that we have within veterinary services. So it would only be an approximation; the same with the Deputy's office.

Senator **Harkin**. Because I notice that the cost for regional offices went from nothing in 1988 to 62,000 in 1989 to 98,000. Again, up about one-third for 1990, this year. But you say this goes to pay your veterinarians? That is out of what? Staff operations?

Dr. **King**. Yes. Those are staff operations that are veterinarians within the Washington area that are working exclusively in pseudorabies.

Senator **Harkin**. Oh, just in the Washington area?

Dr. **King**. Hyattsville. We have a staff in Hyattsville, Maryland that does that work.

Senator **Harkin**. What are they doing out there?

Dr. KING. They do quite a bit. I think we just got through mentioning what the role of APHIS is, writing the UM&R, helping write the UM&R, coordination with States and cooperative agreements. They are the ones that are working on rewriting this new rule, proposed rule that is supposed to come out. They worked to update 9 CFR Part 85 of the Code of Federal Regulations, which is the legal basis for this program. They helped do the data for national statistics. They help coordinate the training, approve program status.

Senator HARKIN. How many people do you have doing all that?

Dr. KING. Probably three.

Senator HARKIN. Three people do that full time just on pseudorabies?

Dr. KING. Right now they are doing that almost full time. They also have——

Senator HARKIN. That just does not sound like it takes that much time to do that. I mean you are talking about $149,000 for 1 year to update the Code of Federal Regulations. That does not seem to me that big a project.

Dr. KING. I think I listed a lot of other things. I think they do a very good job, Senator, and I think that they are very much a part of the program and very necessary. And I have no problem in justifying them.

Senator HARKIN. Well, I would like to see more justification on that item as to $149,000 a year to do the things you are talking about. Sounds to me like maybe one staff person with a secretary could do that work, just from what you have told me, not $149,000 for 1 year. That is just the veterinarians here. And the regional offices, what is that money for in the regional offices? That is just a percentage, a proportion of what they are doing in pseudorabies; right?

Dr. KING. That is right.

Senator HARKIN. Did you consider at all whether a percent of the budget was the fair way to allocate for the pseudorabies program, or did you just go ahead and say that is the way we are going to do it, a certain percent of the budget?

Dr. KING. It is the way we have done the other 40 line items.

Senator HARKIN. It is always just a percent of the budget?

Dr. KING. Yes, sir.

Senator HARKIN. So again I point out that before anything goes out to field operations, there is a deduction of 17.8 percent according to your testimony? 17.8 percent is deducted——

Mr. GREGOIRE. That is correct.

Senator HARKIN [continuing]. Before anything goes out into the field. And you say this compares with other programs under APHIS?

Mr. GREGOIRE. Agency-wide, Senator, it runs about 15.8 percent.

Senator HARKIN. So this is a little higher than agency-wide?

Mr. GREGOIRE. Yes.

Senator HARKIN. Are some programs higher and some lower?

Mr. GREGOIRE. Yes, that is correct.

Senator HARKIN. So the $587,000 that we have added up here, this $302,000 plus the $285,000, $587,000 would be overhead and administrative expenses; is that correct?

Mr. **Gregoire**. Yes.

Senator **Harkin**. But it comes right off the top, and the amount is based on a percentage of the appropriation for the program. So it is administrative overhead. But we said 5.15 percent for administrative support. That is what I am trying to figure out. Why we said 5.15 percent, but it looks like it is coming out to be about 17.8 percent. And quite frankly, I am wondering whether or not money is not being used out of the pseudorabies program to take up other administrative functions in other areas. How do we know? How do I know that $149,000 is the appropriate amount for staff operations here in the Washington, D.C. area for the items that you are talking about? Has the Inspector General looked into this, your Inspector General? Do we have any accounting principles to account for this?

Mr. **Gregoire**. The Inspector General has not looked at that. That particular item is based on the actual time those people spend on the program. I think, Senator, we have a difference on the definition of administrative.

Senator **Harkin**. Administrative support?

Mr. **Gregoire**. Yes.

Senator **Harkin**. Yes. I do not know. What is that?

Mr. **Gregoire**. Our definition of administrative type functions would include things like personnel, budget, finance, contracting, procurement, and property management. These activities are different from the things that Dr. King has described which are scientific in nature and which we define as program support.

Senator **Harkin**. How long have you used the term "administrative support" as a category in APHIS budget documents?

Mr. **Gregoire**. Since the creation of the agency.

Senator **Harkin**. So you used the "administrative support" term in other items, too?

Mr. **Gregoire**. Yes.

Senator **Harkin**. Has the definition ever changed?

Mr. **Gregoire**. Not that I am aware of, Senator. What has changed is what we have identified here as central program support. And as I stated earlier, those functions were formerly carried out within the individual program areas of APHIS and have now been centralized at the agency level.

Senator **Harkin**. So we have all of this money for administrative support and central program support and central services. None of that goes out to the States?

Mr. **Gregoire**. That is correct.

Senator **Harkin**. Then we go down and let us look under field operations. Miscellaneous program charges goes from $146,000 in 1989 to $204,000 for 1990. What does this cover and why is there such an increase in that?

Mr. **Gregoire**. This covers a number of different categories, Senator. It includes such things as the cost of mailing blood samples from the field to laboratories to be tested. It covers the cost of the telephone system that we use, workmen's compensation insurance, unemployment compensation insurance, and payroll processing for the field employees at the National Finance Center, all of which are paid centrally in the agency instead of from local allocations.

Senator HARKIN. Now that is a big increase from last year. And again, money in that category does not go out to the States either, does it?

Mr. GREGOIRE. No, that is paid from a central allocation.

Senator HARKIN. Central allocation. Well, that is a big increase. That is not quite 50 percent, maybe what, a 40 percent increase?

Mr. GREGOIRE. Yes. We are billed in the agency based on the services that we use for these different categories.

Senator HARKIN. Why is there such an increase over last year? Why such an increase?

Mr. GREGOIRE. Some of these are the effect of increases in the rates we have to pay for telephone bills and in postage rate increases.

Senator HARKIN. This other line item, the NCAHIS. I am not certain what it is, but I understand it is for computers or something like that?

Dr. KING. It is the National Center for Animal Health Information Systems located in Fort Collins. It is a centralized group. In this instance, the money reflects people working full time to develop the software program and support system for pseudorabies. So this includes veterinarians and programmers working on a full-time basis to develop what will be the data base and the software program to support pseudorabies and for this eradication effort.

Senator HARKIN. So we spent $100,000 on that last year, and $184,000 this year?

Dr. KING. Yes, that is a cost that goes up and comes back down. Once that is completed, then we just would have maintenance in terms of that software.

Senator HARKIN. How many years will it take to complete the software?

Dr. KING. It is close to being done now, Senator.

Senator HARKIN. Would that be the end of this year, do you think?

Dr. KING. They will not go over their allotment.

Senator HARKIN. Then the central warehouse supplies which went from basically nothing to $245,000—it's a new item—and you are saying this is, you told me pencils and paper and what else?

Dr. KING. No, what happened in 1989 is that pseudorabies did not get charged for supplies, and that was part of the overspending for that program. It includes test tubes, needles, coveralls, buckets, disinfectants, and also part of test kits which happens to be a very expensive item. Some of the test kits were purchased in here. They reside in this central location and are distributed from there. The test kits are in the neighborhood of $100 a test kit. They have just gone up, by the way, to $191, literally overnight, for a test kit. We buy in the neighborhood of 2 to 3,000. So some of those test kits are already in here, and that is reflected in that amount.

Senator HARKIN. Well, now again, for field operations, you add up all these items, in 1989 the cost of field operations was $479,000; this year it is $1.048 million. Again, that is before any money goes off to the States. That just seems to me to be a tremendous increase. It is double, a little over double. And again, that is why we are asking questions about all of these expenses, because we do not see that much of an increase in the pseudorabies eradication activities, and the big increase in all of these administrative expenses all of a sudden raises, I think, legitimate questions about just what is going on here with all of these cost items.

Now the field operations figure is not based on a percentage evidently. That is based upon some determination within your office as to allocating?

Dr. **King**. Some of it is based on needs. For example, vehicles which have not been purchased in the last 2 years, we have vehicles with over 100,000 miles, we therefore bought vehicles to begin this year. In this case, each program was prorated a share of which pseudorabies was prorated the share of $50,000. That was a prorated basis. The miscellaneous program is a bill back. We have no control over that. The regional specialist which is a new epidemiologist works full time on pseudorabies. I mean that is part of the program. That is part of the field program.

Grants and agreements, that has to do with information to producers, to the industry, that directly affects the program. Computers for the field, those are in the hands of the people in Iowa doing the work in pseudorabies. Graduate training, when you get a line item there is nothing in there that suggests that we need to train new people, but we do. And they are being trained in pseudorabies. So that, I feel, is directly of benefit to the pseudorabies program.

Senator **Harkin**. Well, then we look at what is paid from local allocations, distributable. That is salaries for field personnel and operating costs. Now that goes from $812,000 for 1988 down to $369,000 last year down to $294,000 this year. Now that is for what? That covers costs for salaries for field personnel and operating costs. Why has that dropped so precipitously?

Dr. **King**. The $812,000 in 1988 is not just for field personnel. It includes everything that was in the warehouse that we see in 1990 because that function was centralized. In fiscal year 1989 the $369,000 really reflects the overexpenditure or the extra field work done in pseudorabies that was over and beyond what we had budgeted for earlier in the year.

Senator **Harkin**. So you went from $812,000 to $369,000 because you took out of that category the cost of the central warehouse?

Dr. **King**. Yes. And there were some other charges in that. That is not really a reflection. A lot of that was in the five pilot States.

Senator **Harkin**. No, no. Just a second, Dr. King. Just a second. You went from $812,000 in 1988 down to $369,000 in 1989 because you said that in that $812,000 was money for things like the central warehouse?

Dr. **King**. That is right. And there were some other, I am not sure how that was calculated in 1988 in terms of cooperative agreements.

Senator **Harkin**. Well, because if I look up—excuse me for interrupting—because if I look up here to 1989 under central warehouse, supplies, in your allocation table, I see nothing that would reflect an increase in that account if, in fact, you went from that $812,000 down to $369,000 for salaries for field personnel and operating costs, and you said a part of that went to the central warehouse. I should have seen an increase up here in the table in the central warehouse account in 1989. I did not see anything. I do not see anything there.

Dr. KING. It was not charged to pseudorabies in 1989. Materials, supplies were given to the program, but were not charged off to it.

Senator HARKIN. So what happened to it? I mean you went from $812,000 to $369,000. You told me that part of that difference went to the central warehouse. But I do not see it.

Dr. KING. We did not have a central warehouse in 1988.

Senator HARKIN. But you said that part of that $812,000 went to the central warehouse?

Dr. KING. Would be the same as a central warehouse. In other words, it represents the supplies——

Senator HARKIN. Yes.

Dr. KING [continuing]. That later on in 1990 is in a central warehouse. What happens is we have centralized all of the purchasing in order to save money by purchasing in bulk. So all of our program supplies come out of a central warehouse now because we buy things in bulk. That did not happen in 1988.

Senator HARKIN. Can you categorically say that none of the pseudorabies money goes to cover other programs at APHIS?

Dr. KING. Last year what happened is we had money from other programs going into pseudorabies. So I know that was not the case last year. There is an awful lot of work to do out there. You heard from other folks this morning. We have more work probably than we can do. So I feel that those charges do benefit the program, and we do not see pseudorabies funding other programs.

Senator HARKIN. I guess what is so frustrating to me on the Appropriations Committee is that we put an increase in there for 1990, $3.292 million, and when you add up all of the things that I have just talked about, only $1.657 million goes to the States. And if we subtract out the $294,000 for APHIS personnel, only $1.363 million is spent outside of APHIS itself. As a result, we increase the money, but again as I pointed out—I am just looking at the State of Iowa—Iowa gets $6,000 more. We go from $460,000 to $466,000.

But Iowa may be one of the lucky States. When I look at these other States, Alabama loses $16,000. Florida loses $6,000. Georgia loses $19,000. Every State in the southeastern region loses money. Every State in the northern region save Delaware, Michigan, New York, Ohio, New England, and Virginia, all have losses. The central region, in our region, only Iowa and Texas get increases—Texas gets, well, they get $1,000—every other State loses money. Minnesota loses $83,000; Missouri, $44,000; Nebraska, $60,000; South Dakota, $11,000. We increase the money for pseudorabies by $620,000. And yet there is a $340,000 loss to the States.

Now how can I explain that to the pork producers out there and the people out there in the field and the veterinarians that are out there doing work. We increase it $620,000, and yet States lose $340,000 from what they received last year. There is just a black hole in there someplace.

Dr. KING. Well, I hope that the opportunity to explain that demonstrated that it was overexpended last year so the expenditures were really no different this year from last year because of overspending. And we had to take out for all these other field operations and other sources, which we did not do last year. And so we wanted to explain to you today what those charges were exactly and where they go.

Senator HARKIN. Oh, yes, yes. Let me ask you about that. You said you overspent last year. The total program allocation that I have here is $2.718 million for 1989. Now does that correspond with your figures?

Mr. GREGOIRE. Yes.

Senator HARKIN. Then I see here under Subnote 5, "program was initially allocated $2,718,000 versus $2,503,000 net-to-program allotment. Total EOY pseudorabies spending"—I suppose that means "end of year spending"—"totaled $3,100,311 for fiscal year 1989 versus the $2,672,000 appropriation." We have seen nothing to indicate where that additional almost $500,000 came from and what it went for. Could you supply that to us for 1989?

Mr. GREGOIRE. Yes.

Senator HARKIN. I find it interesting that we can appropriate $2.672 million, and you can spend 3.1 million. I can understand you spending less than what we appropriated. I find it rather intriguing that you spend more than what we appropriate.

Mr. GREGOIRE. Senator, our appropriation—I guess you know—comes to us in a lump sum, but is earmarked by the Congress for the 40 different line items.

Senator HARKIN. That is right.

Mr. GREGOIRE. The overspending in pseudorabies was possible because we underspent in other APHIS programs. But in total we did not exceed our appropriation.

Senator HARKIN. OK. I would like to see what that funding is so I can compare it to what we are doing this year.

Mr. GREGOIRE. We would be happy to provide that for the record.[4]

Senator HARKIN. Thank you.

Well, I still say that when I look at these figures, there just seems to be an incredible increase in administrative expenses. And with the States' involvement in this program, this program was designed to be a cooperative arrangement. And with the States' involvement and with the money coming from the producers themselves, I just do not know if I can buy these increases in administrative support. I know that as a program increases, this bell-shaped curve, that administrative costs probably have to go up somewhat. But this kind of increase in administrative expenses seems to me be completely out of line.

As I said, when we increased the appropriations by $620,000, and the States actually lose $340,000 in what they are getting, that seems to be way out of line. I am sure you can explain it by charges for warehouses and supplies and things like that, but it just does not set right with me that you had that tremendous increase in administrative expenses. And I would like to take a look at what the extra money was, the $500,000 that you put in last year. That might help.

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[4] See pp. 119–131 for the requested information supplied by APHIS.

One other issue, the veterinarians. You heard that they have not been compensated for about $30,000 of services in Iowa. Is that going to be taken care of this year?

Dr. **King**. I checked with my regional director who has responsibility for Iowa on what happened there. And we do have, as you can see in here on allocations to the field, fee services that go to private practitioners. My regional director told me that when the amount, and we do pay those, when the amount of fee basis, was going to exceed the amount that we had allocated for it, that he contacted the State animal health officials in Iowa and told them that we had no further funds in that area, and to contact the practicing veterinarians, the State association, and make sure that those practitioners stopped their fee basis work, and he felt in plenty of time, in ample time, for that to happen.

Now something happened that those practitioners were not notified. Obviously, there were probably some payments in the pipeline at that time. And the expenditure, my understanding was $60,000 over. And I believe, and I may have to be corrected, that the State pork producers had put in $30,000 to help cover some of that. And that left them with $30,000 that had not been paid.

They did ask us to reimburse the practitioners for that. Our feeling was that that was a misunderstanding. We told the State officials that we had no funds to continue fee basis work, and for some reason those practitioners were not notified.

Senator **Harkin**. So the answer to my question is they are going to be compensated?

Dr. **King**. The Iowa State Health Association asked us to compensate them for that, and we elected not to because we felt that it wasn't our fault that they had not been notified to stop doing that. Now if they need to be paid, I guess it could come out of the Iowa appropriation. I would have to talk with the State veterinarian and our regional director on how we could work that out.

Senator **Harkin**. Well, did the veterinarians get the required 10 days notice that the agreement was terminated? Would you say that was your responsibility?

Dr. **King**. It is our responsibility to tell the State health officials. It is not always our responsibility to notify the local veterinarians.

Senator **Harkin**. It was their responsibility? And you say that that may not have been done, or was not done?

Dr. **King**. I do not really know.

Senator **Harkin**. Is there any duplication between APHIS and State veterinarians? I heard some testimony this morning that there was.

Dr. **King**. Yes, sir. That was brought to my attention yesterday when we had a session with some of the gentlemen in the room, and that is the first time that has been brought to my attention. If that is occurring, it should not occur, and I gave my word to the gentleman yesterday from Iowa that our Area Veterinarian in Charge and regional director would sit down with Dr. Felker and make sure if that was happening that this was corrected because we agree, if that is the case, then that needs to be corrected. And I will certainly look into it, Senator, and make sure if that is the case that it is corrected.

Senator HARKIN. I would appreciate that. The last thing that came up was what steps did APHIS take to involve the pork industry in formulating the proposed rule on transportation of swine vaccinated with the new vaccines? Who did you talk with and consult before writing this proposed rule?

Dr. KING. We consult much more frequently with national associations than we do with State associations. In this case, I know the National Pork Producers pushed us to make sure that that proposed rule was published. And also the United States Animal Health Association Pseudorabies Committee, which is composed of State and industry and scientific groups, also requested us to do that. There was ample time—I do not remember going to the State of Iowa personally and asking their feelings on what should be in that proposed rule.

However, they did respond. As part of the rulemaking process, they wrote their feelings and points that certainly will be given due consideration when the final rule is written. There was certainly a lot of opportunity to do that, and many people knew that that rule was being proposed, and there were a lot of communications. But I cannot tell you directly if someone picked up the phone and called the Iowa pork producers per se.

Senator HARKIN. I want to return to the unpaid fees for veterinary services. Because you see Dr. Jacobi talked about the veterinarians having had a contract, but you are saying you—walk me through that again on why you believe that APHIS does not owe the veterinarians the $30,000 because the program was cut off.

Dr. KING. I think the one thing I heard Dr. Jacobi talk about were the fees that would be received by private practitioners in terms of the stop fee and the fee that they would get for bleeding each hog and doing, and processing that sample before it went into the laboratory. And I understand that there is some disagreement from the private practitioners that those fees should be increased; they are not enough to cover their expenses.

Senator HARKIN. Well, I was trying to remember where I read that here. Counsel has raised a good point here, Dr. King. Here is a copy of the contract that a veterinarian signs. It says United States Department of Agriculture, Animal and Plant Health Inspection Service, Veterinary Services. And it states what they do, and APHIS agrees to pay them on a fee basis schedule. That the fee will cover compensation for drawing of blood, laboratory fees, vaccine allowance, identifying the animals, necessary recordkeeping, et cetera. Point number three at the end, says that this agreement will be in full force and effect until terminated by either party upon 10 days written notice.

Did you give these veterinarians 10 days written notice?

Dr. KING. Senator, I do not know. I am going to have to check that for you. I do not know if our regional director did that. I think in other similar circumstances we would not be, we would suggest that the State animal health officials should do that. They would probably more likely have a list of the veterinarians practicing in that State. Certainly our Federal office probably does not keep those lists except for accredited veterinarians.

Senator HARKIN. This contract is made with APHIS, though, not with the State.

Dr. **King**. Yes. But in terms of notifying the veterinarians in terms of when to stop fee basis service I think is in question.

Senator **Harkin**. I think it is a big question.

Dr. **King**. Yes.

Senator **Harkin**. I am just wondering if notification of the State is adequate notification to the veterinarians since the veterinarian has the contract with you, APHIS, not with the State. If I were in the State office, and you sent me that notification, I would just, if I had any knowledge of this contract, I would probably assume that you had notified these veterinarians.

Dr. **King**. We will give a copy of that to our general counsel and make sure we get that clarified.

Senator **Harkin**. I would appreciate that because they did their work, they did everything under the contract, and now they are not getting paid. And I would just add that it seems that the responsibility does run to APHIS directly because of the contract that the veterinarians signed with APHIS and not with the State.

[A copy of the above-mentioned contract and material submitted by Senator Harkin follow:]

UNITED STATES DEPARTMENT OF AGRICULTURE
ANIMAL AND PLANT HEALTH INSPECTION SERVICE
VETERINARY SERVICES

This agreement is made and entered into this __________ day of ____________________, 19____, at ____ by and between Veterinary Services, Animal and Plant Health Inspection Service, United States Department of Agriculture, and ____, an Accredited Veterinarian, hereinafter called the Fee Veterinarian.

WITNESSETH:

A. THE FEE VETERINARIAN AGREES:

1. That when performing services under the terms of this agreement and the pseudorabies disease control agreement, the Fee Veterinarian will be governed by the instructions that have been issued or will be issued by the cooperating State and Federal officials in charge of Pseudorabies work in the State of Iowa.

2. To draw blood and submit blood samples for testing in accordance with instructions furnished by Veterinary Services and the Iowa Department of Agriculture at the schedule of fees furnished the Fee Veterinarian.

3. To provide herd vaccination services.

4. To identify the animals and complete necessary records.

5. To perform all services himself and not use the services of others in performing professional phases of the work involving drawing of the blood samples.

B. VETERINARY SERVICES AGREES:

1. To pay the Fee Veterinarian in accordance with the fee-basis schedule recommended by the cooperating State and Federal officials and approved by Veterinary Services, a copy of which is hereby furnished. Changes in fees will be furnished the Fee Veterinarian.

C. IT IS MUTUALLY AGREED:

1. That the Fee Veterinarian, in the performance of this agreement, shall act in an independent capacity and not as an official or employee or agent of Veterinary Services. That the Fee Veterinarian shall be individually responsible to the owner for the manner in which the animals are handled.

2. That the fee will cover compensation for the drawing of blood, laboratory fees, vaccine allowance, identifying the animals, and necessary recordkeeping, and that fee payment will not be made unless all criteria regarding the recordkeeping have been met per Veterinary Services instructions.

3. That this agreement will be in full force and effect until terminated by either party upon ten (10) days written notice.

4. That this agreement governs the performance of services when and if authorized in writing by Veterinary Services.

5. No member of or delegate to Congress or resident commissioner shall be admitted to any share or part of this agreement or to any benefit to arise therefrom.

IN WITNESSETH WHEREOF, This agreement has been executed, by and on behalf of the parties hereto, on the day and year set forth herein.

Signature:______________________________ Vet Code #_____
FEE VETERINARIAN

Clinic Name:____________________________________

Address:_______________________________________

UNITED STATES DEPARTMENT OF AGRICULTURE
ANIMAL AND PLANT HEALTH INSPECTION SERVICE
VETERINARY SERVICES

Fed. Emp. I.D. Number __________________
or
Social Security Number __________________

Make check payable to:______________________________

Address:______________________________________
(Street)

____
(Town) (ZIP)

Animal and Plant Health Inspection Service
Background on Funding Allocations

- All APHIS funds come from program line items.

- There are no separate line items for costs such as administration, training, mail, telephone, computers, vehicles, environmental documentation, information support, planning, regional offices, and workers compensation.

- Costs of agency level administration: Office of the Administrator (OA), Legislative and Public Affairs (LPA), and Management and Budget (M&B) have been limited to no more than 5.15 percent since the creation of the Agency.

- Each program line item was reduced in Fiscal Year (FY) 1990 by 1.4 percent because of the Gramm-Rudman-Hollings sequestration.

- Each program line item in FY 1990 is absorbing the annualization of the 1989 Federal pay and benefits increases and the 1990 Federal pay and benefits increases.

- Each program line item is allocated internally to cost centers to fund program activities in those centers.

- Cost centers include area and regional offices, operations support staffs, agency level administration, central program support including Policy and Program Development (PPD) and Recruitment and Development (R&D), and non-line item activities in Science and Technology (S&T), and Biotechnology, Biologics, and Environmental Protection (BBEP). Administrative and program support costs from the regional offices and above are limited to 15.8 percent, the same percentage of the total APHIS appropriation as in FY 1989. (Specific support costs for a given line item may vary because of differences in the nature of support required and costs incurred. The program support assessment for APHIS programs as a whole will equate to an aggregate 15.8 percent, however.)

- When APHIS submits a request for a budget increase, the request includes funds for the increased support services required to perform the program activities which justify the increase. For example, the growth of the pseudorabies program requires additional cooperative agreements, increased volume of financial transactions, mail, phone calls, personnel recruiting and training, supplies, etc. All program increases are accompanied by an increase in variable costs such as these.

PSEUDORABIES
($000)

1989 APPROPRIATION		$2,672
1990 CHANGES: APPROPRIATION INCREASE	$666	
LESS GRH SEQUESTER	($46)	
NET CHANGE		$620*
1990 APPROPRIATION		$3,292

*Federal pay cost increases and inflation on non-salary items will amount to $120,000 and reduce the buying power of the increase to $500,000.

PSEUDORABIES
($000)

ALLOCATION FOR	FY 1989 APPRO.	FY 1990 CONFERENCE ACTION	LESS GRH SEQUESTER	FY 1990 APPRO.	NET CHANGE
VETERINARY SERVICES	$2,495	$3,047	$40	$3,007	$512
ADMINISTRATIVE SUPPORT:					
OFC. OF THE ADMINISTRATOR	$8	$10	$0	$10	$2
LEGIS. & PUBLIC AFFAIRS	$17	$21	$1	$20	$3
MANAGEMENT & BUDGET	$106	$134	$2	$132	$26
CENTRAL PROGRAM SUPPORT:					
POLICY & PROGRAM DEVELOPMENT	$23	$48	$1	$47	$24
RECRUITMENT & DEVELOPMENT	$17	$53	$1	$52	$35
CENTRAL SERVICES	$6	$25	$1	$24	$18
TOTAL	$2,672	$3,338	$46	$3,292	$620

REVISED-1/16/90

PSEUDORABIES ALLOCATIONS BY COST CENTER, FY 1988 - 1990
(dollars in thousands)

	1988	1989	1990	Change 1989-90	
Conference Action	$2,400	$2,672	$3,338	$666	
Less: Sequestration	-	-	46	(46)	
Appropriation	2,400	2,672	3,292	620	
Less Allocation to:					
Administrative Support	130	123	162	39	
Central Program Support 1/	-	40	99	59	
Central Services	-	6	24	18	
Net to Program	$2,270	$2,503	$3,007	$504	
Program Allocations					
Program Direction and Support:					
Staff Operations	$94	$134	$149	$15	
Deputy Administrator	67	46	55	9	
Regional Offices 2/	-	62	98	36	
Subtotal	161	242	302	60	
Field Operations:					
Paid from Central Allocations:					
Miscellaneous Program Charges	19	146	204	58	
NCAHIS	-	100	184 3/	84	
~~National~~ Vet. Services Labs	55	-	-	-	
Regional Specialist	-	-	54	54	
Central Warehouse (Supplies)	-	- 4/	245	245	(R)
Grants and Agreements (e.g. LCI)	65	59	52	(7)	
Vehicles	-	-	50	50	
IRM-Computers for Field	-	162	147	(15)	
Freight - United Parcel	-	12	15	3	
Graduate Training	77	-	97	97	
Other	91	-	-	-	
Subtotal	307	479	1,048	569	(R)
Paid from Local Allocations:					
Distributable (Salaries for field personnel and operating costs)	812	369	294	(75)	
Agreements (Laboratory & Clerical)	-	136	142	6	
Agreements (Field)	717	452	343	(109)	
Large Herd Cleanup Study and Major Packer Surveillance	53	263	331	68	
Other Contracts	-	240	173	(67)	
Fee Services	146	362	270	(92)	
Supplies (Test Kits)	19	101	104	3	
Other	57	74	-	(74)	(R)
Subtotal	1,802	1,997	1,657	(340)	(R)
Total Program Allocation	$2,270	$2,718 5/	$3,007	$289	

REV3-1/10

PSEUDORABIES ALLOCATIONS BY COST CENTER, FY 1988 - 1990
(continued)

NOTES:

1/ New category to reflect central funding for planning and recruitment activities previously carried out by programs. FY 1990 amount reflects full annualized cost, whereas FY 1989 does not.

2/ In 1989, VS programs were assessed for regional office costs based on unadjusted (pre-reorganization) work plans; thus, Animal Health Compliance & Enforcement assumed an excessive share. In FY 1990, the mistake was corrected, causing the pseudorabies share of regional office costs (and that of other affected line items) to increase.

3/ Increased support for NCAHIS in connection with development of pseudorabies database.

4/ Major portion of supplies were funded through distributable account in FY 1989 prior to inclusion of all States into Central Supply Warehouse system in FY 1990.

5/ Allocation of funds exceeded program availability in FY 1989. Program was initially allocated $2,718,000 versus $2,503,000 net-to-program allotment. Total EOY pseudorabies spending totaled $3,100,311 for FY 1989 versus $2,672,000 appropriation.

REVISED - 1/16/90

PSEUDORABIES ALLOCATIONS TO STATES, FY 1988 - 1990
(dollars in thousands)

State	1988	1989	1990	Change 1989-90
Southeastern Region:				
Alabama..............	40	31	15	(16)
Florida..............	-	11	5	(6)
Georgia..............	60	44	25	(19)
Mississippi..........	-	14	10	(4)
North Carolina.......	142	126	108 *	(18)
South Carolina.......	-	10	7	(3)
Tennessee............	-	15	6	(9)
Subtotal...........	242	251	176	(75)
Northern Region:				
Delaware.............	-	-	2	2
Illinois.............	175	190	141 *	(49)
Indiana..............	39	80	64 *	(16)
Kentucky.............	130	50	45	(5)
Maryland.............	-	8	2	(6)
New England..........	-	3	3	-
Michigan.............	40	50	62	12
New Jersey...........	-	6	2	(4)
New York.............	-	-	2	2
Ohio.................	55	85	152 *	67
Pennsylvania.........	100	60	18	(42)
Virginia.............	10	15	65	50
West Virginia........	-	3	3	-
Wisconsin............	125	100	51	(49)
Subtotal...........	674	650	612	(38)
Central Region:				
Arkansas.............	65	32	31	(1)
Iowa.................	379	460	466 *	6
Kansas...............	-	18	8	(10)
Minnesota............	164	179	96 *	(83)
Missouri.............	80	92	48	(44)
Nebraska.............	36	152	92 *	(60)
North Dakota.........	-	5	3	(2)
Oklahoma.............	10	10	2	(8)
South Dakota.........	109	115	104	(11)
Texas................	-	-	1	1
Subtotal...........	843	1,063	852	(211)

REVISED-1/16/90

PSEUDORABIES ALLOCATIONS TO STATES, FY 1988 - 1990
(dollars in thousands)
(Continued)

State	1988	1989	1990	Change 1989-90	
Western Region:					
Arizona..............	-	1	1	-	
California...........	26	30	3	(27)	(R)
Colorado.............	9	2	3	1	
Hawaii...............	8	-	-	-	
Idaho................	-	-	-	-	
Montana..............	-	-	-	-	
Nevada...............	-	-	-	-	
New Mexico...........	-	-	0.1	-	
Oregon...............	-	-	-	-	
Washington...........	-	-	-	-	
Wyoming..............	-	-	-	-	
Unallocated..........	-	-	10 **	10	
Subtotal.........	43	33	17	(16)	(R)
Total...............	$1,802	1,997	$1,657	(340)	

* State allotment includes $21,458 for large herd cleanup, to be distributed when LHC protocol is finalized.

** Large herd cleanup funds, State distribution undecided.

Distribution of Agency Level Support Costs

- Administrative support costs for the Office of the Administrator, the Legislative and Public Affairs Staff, and Management and Budget are assessed to each budget line item on a proportional basis.

- Central program support costs for Policy and Program Development, and Recruitment and Development operating expenses are also assessed to each line item on a proportional basis. The cost of specific Agency training programs conducted by Recruitment and Development are assessed to agency units based on unit participation or expected benefits. For example, the cost of Operation Jumpstart, a clerical training program at headquarters, is assessed to each unit based on the number of secretarial/clerical positions at headquarters.

- Central Services, which include such activities as the Safety and Health Council, headquarters shuttle, security, labor, and copier maintenance services, computer room operations, Management Support System, and furniture systems, are assessed to each APHIS unit based on the distribution of either total or headquarters staff-years.

- Department Charges, which include such activities as the National Finance Center, Telenet, worker's compensation, unemployment compensation, postage, executive correspondence, FTS, and central supply, are assessed to each APHIS unit based on either actual use data or staff-years.

TOM HARKIN
IOWA

United States Senate
WASHINGTON, DC 20510

(202) 224-3254
TTY (202) 224-1904
COMMITTEES:
AGRICULTURE
APPROPRIATIONS
SMALL BUSINESS

December 21, 1989

The Honorable Clayton Yeutter
Secretary of Agriculture
Fourteenth Street and Independence Avenue, S.W.
Washington, D.C. 20250

Dear Mr. ~~Secretary~~ Clayton:

As you know, the agriculture appropriations bills in recent years have provided modest funding specifically for the pseudorabies eradication program within the Animal and Plant Health Inspection Service. The funding provided through this program has been of significant help, in conjunction with state funding, to the efforts to eradicate pseudorabies in Iowa and other states.

Based on the preliminary information that is now available, however, I am very concerned that APHIS is planning to spend an unreasonable and impermissible share of the FY 1990 pseudorabies appropriation on administration and overhead, thus greatly reducing the funds available for use in actually eradicating pseudorabies. I fear that the pseudorabies funds will be used to cover general administrative and overhead expenses at APHIS that are not associated with the pseudorabies program. As one who has worked over the years for pseudorabies funding, I am greatly disappointed by the prospect that the funds may be squandered or raided to cover excessive or inappropriate administrative and overhead expenses.

I am especially concerned that these spending decisions will significantly hamper the pseudorabies eradication efforts now underway in Iowa, where over 20 percent of the swine herds are infected and nearly 47 percent of the entire nation's infected herds are located. In recognition of the need to bolster the eradication effort, the pseudorabies appropriation for FY 1990 was increased to $3.338 million from the $2.672 million appropriation for FY 1989. Yet, inexplicably, it now appears that the allocation to Iowa for pseudorabies eradication will fall from $439,000 in FY 1989 to $424,000 in FY 1990. This low allocation for Iowa will be entirely spent by early spring. These figures make no sense in light of the FY 1990 appropriation level and the magnitude of the pseudorabies problem in Iowa. The money seems to be slipping away before it gets to where it is needed.

The enclosed APHIS document showing the projected pseudorabies budget for FY 1990 raises many questions about the administrative and overhead expenditures that come out of the pseudorabies appropriation before any money is made available for field operations. Of the $3.3 million appropriation assumed in the budget, only $1.533 million is projected for field operations. It appears that the appropriated money could be used far more efficiently to advance the goals of the program.

To help me evaluate the FY 1990 pseudorabies program budget, I would request that you provide me a justification and explanation of each of the listed items of expense. I also would request a breakdown of pseudorabies program expenditures for FY 1988 and FY 1989 similar to that contained in the enclosed projected budget for FY 1990. In addition, please provide a comparable budget breakdown for each of the animal disease and pest control programs within APHIS for FY 1988, FY 1989 and FY 1990.

I am particularly concerned about the projection of $412,500 for APHIS program direction and support for FY 1990. That figure is 12.5 percent of the appropriation, and I am informed by APHIS that the final budget will probably allocate about 15 percent of the appropriation to this category. This expenditure is especially troubling in light of the direction in the FY 1990 appropriation measure that not more than 5.15 percent of the amount appropriated for pseudorabies is to be used for administrative expenses. I have similar concerns about the amounts listed for Staff Operation, Deputy and PVPC Training in the projected budget. I would like to obtain an explanation and justification for these items of expense as well as information about the amounts that are deducted for these purposes from the funds appropriated for each of the other animal disease and pest control programs conducted by APHIS. I would like this information for FY 1988 and FY 1989, as well as for FY 1990.

I urge you to examine carefully the budget for the pseudorabies program in order to ensure that the funds are used in the most effective way to carry out the true purpose for which they were appropriated.

The Honorable Clayton Yeutter
December 21, 1989
Page 3

In addition, it is my understanding that approximately 15 percent of the appropriations for each of the APHIS animal disease programs will be allocated to APHIS Program Direction and Support. The allocation of such a large share of the appropriated funds for this purpose raises serious questions concerning excessive administrative and overhead expense at APHIS. I would appreciate your providing me with a detailed administrative budget for APHIS.

Thank you for your attention to this matter. I will look forward to receiving and reviewing the information requested above and I would be pleased to discuss the matter with you at your convenience.

Sincerely yours,

Tom Harkin

Tom Harkin
United States Senator

TH/mbh
Enclosure

CC: Jo Ann R. Smith
Assistant Secretary
Marketing and Inspection Services

James W. Glosser
Administrator
Animal and Plant Health Inspection Service

PROJECTED PSEUDORABIES BUDGET FOR FY 1990

what about the 5% cap? on overhead

PROJECTED ALLOCATION FY 1990	$3,300,000
APHIS PROGRAM DIR & SUPPORT └ salaries - Not in V.S. - 10 other units	$412,500 >12.5%
NET TO PROGRAM	$2,887,500 —
STAFF OPERATION — salaries - swine disease staff	$311,616 [redacted]
DEPUTY Administrator	$55,725
PVPC TRAINING — New Vet training	$23,290
NON-FIELD TOTAL	$390,631 —
FIELD AVAILABILITY: $2,496,000 +	
REGIONAL OFFICES — Salaries, rent, veh.	$99,632
NCAHIS — Information - NAHMS	$187,501
*LARGE HERD CLEAN UP STUDY	$150,207
REGIONAL SPECIALIST	$59,918
KC WAREHOUSE - supplies, test tubes, backtags, bags etc	$250,000
VEHICLES	$51,122
IRM — Computers - field use	$150,001 —
FREIGHT--UPS	$15,036
SUB-TOTAL	$963,417
BALANCE FOR FIELD OPERATIONS:	
DISTRIBUTABLE - salaries for VMOs & AHTs & gas.	$300,157
AGREEMENTS-LAB & CLERICAL-	$144,796
AGREEMENTS — FIELD - salaries & travel for field ~~purposes~~ people	$350,000 —
OTHER CONTRACTS	$176,000
MST	$0
FEE SERVICES	$275,000
SUPPLIES (TEST KITS)	$287,501
SUB-TOTAL	$1,533,452
FIELD TOTAL	$2,496,869
GRAND TOTAL (NON-FIELD AND FIELD)	$2,887,500
BALANCE	$0

1.5 m.

1/2 herd clean up

- 1/2 - surveillance

*Funds will be held by staff pending regional assignment.

3 Factors

1. Attitude of producers
2. Funding on the states part
3. Efficency of the Program.

180,-

PATRICK J. LEAHY, VERMONT, CHAIRMAN
JOHN MELCHER, MONTANA
DAVID H. PRYOR, ARKANSAS
DAVID L. BOREN, OKLAHOMA
HOWELL HEFLIN, ALABAMA
TOM HARKIN, IOWA
KENT CONRAD, NORTH DAKOTA
WYCHE FOWLER, JR., GEORGIA
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SOUTH DAKOTA
RICHARD G. LUGAR, INDIANA
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RUDY BOSCHWITZ, MINNESOTA
MITCH McCONNELL, KENTUCKY
CHRISTOPHER S. "KIT" BOND,
MISSOURI
PETE WILSON, CALIFORNIA

United States Senate
COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY
WASHINGTON, DC 20510-6000

January 9, 1990

The Honorable Clayton Yeutter
Secretary of Agriculture
Fourteenth Street and Independence Avenue, S.W.
Washington, D.C. 20250

Dear ~~Mr. Secretary:~~ Clayton,

I am writing to ask you to designate a representative or representatives to testify concerning issues in the pseudorabies eradication program administered by the Animal and Plant Health Inspection Service at a hearing of the Subcommittee on Nutrition and Investigations to be held on January 17, 1990 at 9:00 a.m. in Room 332 of the Russell Senate Office Building.

The principal issues to be examined at the hearing involve the allocation and budgeting by APHIS of funds appropriated by Congress for the pseudorabies eradication program. As you know, I am concerned that the appropriated funds are not being used effectively and efficiently to accomplish pseudorabies eradication. I therefore request testimony on the topics described in my letter to you of December 21, 1989, a copy of which you will find enclosed. I also would like to receive testimony on how the APHIS allocations to various administrative and overhead expenses compares to similar allocations in other USDA agencies.

In addition, I ask for testimony regarding the rule proposed by APHIS governing herd vaccination and testing procedures applicable to interstate movement of swine published in the Federal Register on October 31, 1989. I understand that pork producers have advised APHIS of a number of ways in which the proposed rule should be modified to lessen the effort and expense to producers of achieving clean herd status using marker vaccines. At the hearing, I want to examine the impact of the proposed rule on pork producers and the purpose of and need for the requirements of the rule.

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Witnesses are requested to deliver one original and 40 copies of their written testimony to Mary Byrne at 328A Russell Senate Office Building no later than 24 hours prior to the time of the hearing.

Thank you for your cooperation and assistance. Please let me know if you have questions concerning the subject matter or procedures for the hearing.

Sincerely yours,

Tom Harkin
Chairman, Subcommittee on Nutrition
and Investigations

CC: Jo Ann R. Smith
Assistant Secretary
Marketing and Inspection Services

James W. Glosser
Administrator
Animal and Plant Health Inspection Service

Senator **Harkin**. Dr. King, let me just raise this one other issue that came up this morning.

Dr. **King**. Yes.

Senator **Harkin**. I have heard a lot about it from the Iowa Pork Producers, and the National Pork Producers. It has to do with the importation of swine semen from the People's Republic of China. ARS had given assurances to them and Iowa State officials that swine semen would not be allowed to come in. As a result, as you heard, they went ahead with a program with ARS to import live hogs, to quarantine them adequately, which obviously costs quite a bit more than swine semen, and then APHIS turns around and sort of pulls the rug out from underneath them and permits the swine semen to come in.

It raises a question of coordination with ARS and whether or not you worked with ARS or knew about this prior to going ahead and issuing such an order?

Dr. **King**. Very much so, Senator. We work very closely with ARS. ARS by the way has no authority on import-export. That resides in APHIS and Veterinary Services. So I do not know what ARS would say to somebody about import-export since it is out of their jurisdiction. But we do work very closely with ARS. In terms of the swine semen, we looked at that strictly on an animal health basis, could we safely bring semen in from China, and we were encouraged by many parts of the industry, albeit not Iowa, to add to the diversity, genetic diversity of hogs in this country.

I was told that the Iowa Pork Producers were told at some point in time they could not import swine semen. After that time we had a new Secretary of Agriculture, a new Assistant Secretary, a new Administrator, and a new Deputy Administrator. I have no idea what message was relayed to them, but I know right now we are doing many things differently in terms of adding to the diversity of livestock populations in this country. I do not see that in conflict whatsoever, and in addition, we had a public hearing in the State of Iowa on swine semen to make sure that everybody had adequate comments before we went ahead and finished that project.

So I do not feel that it is in conflict. We were encouraged by many parts of the industry to go ahead and do that. And we stayed out of the economics of it, and the economic advantage of one or the other, and looked at it strictly as an animal health issue.

Senator **Harkin**. Maybe on this one point our gripe is with ARS, and not with APHIS, for making those kinds of representations. Well, Dr. King, let me just say that we are looking at the pork producers request of $12.7 million for pseudorabies eradication next year. That is moving it up about a year. We have heard testimony from Dr. Beran that such funds could be used because the program is proceeding much more rapidly than what we had anticipated.

But I have to tell you that if we increase that funding anywhere up near that level that I am concerned what is going to happen in the administrative costs, if the past is prologue. Even though we have walked through this, we have agreed on the numbers, I am still concerned about using moneys that should be going to the States for this program to cover administrative expenses that are over and above the 5.15 percent limitation that we had directed in the appropriations bill.

And I believe that we have to take a closer look at some of these, especially those miscellaneous program charges, the central warehouse and supplies, the cut in the distributable, salaries for field personnel and operating costs, and again I have to tell you it confirms every person's worst fear about government. We increase the funding to take care of a problem and it just gets consumed someplace before it gets out there.

We increase the funding $620,000, and yet the States are going to get less than what they received last year. And people say, well, there you go. I am not saying that some of it is not justified. I am just saying that it raises very serious questions about the amount of money that is going into administrative costs out of a program that is supposed to be cooperative with the States, and money that is supposed to go out there to accomplish the end of PRV eradication. And I hope you do not take this wrong, but I believe that we need to take a closer look at how some of this money is being used and what it is being used for.

Staff operations of $149,000 out here at—where did you say—Hyattsville, Maryland?

Dr. KING. Yes.

Senator HARKIN. Well, I am not certain if that is appropriate. I think we need to take a closer look at it, and it would be my intention to ask the Inspector General's Office and the GAO to take a look at this, and let us get some accounting breakdown of this. And you may be right. In fact, if you are we will take care of it. But if you are not, then I believe that in the next budget cycle that we come through that we should stick hard and fast to our 5.15 percent and we get a good breakout of just exactly what these administrative costs are.

I am sure that as a professional yourself—you are a veterinarian?

Dr. KING. Yes.

Senator HARKIN. You understand how they feel. We increase the funding and they are going to get less money. You wonder where is it going out there? Where is that black hole that it is going into out there? So I appreciate your being here, and I appreciate your forthrightness in responding to the questions and agreeing upon these numbers. I think we just need to take a little closer look at, as I said, what we are spending on the administrative costs out of the money that we put into pseudorabies.

We have made the commitment to eradicate it. The program is going along well, and I just hope it does not get chewed up with administrative costs. Could you provide for the record a more complete response from my December 21 letter to the Secretary for a budget breakdown for each of the animal disease and pest control programs for 1988, 1989 and 1990? That is number one.

And number two, what amounts are deducted for the various items of APHIS administration and program support for the various animal disease and pest control programs for fiscal years 1988, 1989 and 1990? And, number three, in response to my January 9 letter, how are APHIS allocations to various administrative and overhead expenses compared to similar allocations in other USDA programs?

And on number three, if you need further clarification, I will have my counsel get in touch with you on that. The first two are pretty straightforward. The third one may give you some problems on that. We may have to go beyond you to get the third one.

Dr. KING. OK.

Senator HARKIN. And we will take a look at it.

[The requested information was subsequently provided for the record and follows:]

Question. And in response to my January 9 letter, number three, how are APHIS allocations to administrative and overhead expenses compared to similar allocations in other programs?

And on number three, if you need further clarification, I will have my counsel get in touch with you on that. The first two are pretty straightforward. The third one may give you some problems on that. We may have to go beyond you to get the third one.

Answer. We do not have any data that compares APHIS support costs to that of other agencies, nor is this data collected or maintained by the USDA. If you plan to ask GAO to review our fund allocations, it may also be appropriate for them to collect the comparative data you have requested.

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
ANIMAL HEALTH COMPLIANCE & ENFORCEMENT
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
CONFERENCE ACTION	$14,694	$14,694	$14,694
LESS: Sequestration	0	0	(201)
Appropriation	14,694	14,694	14,493
Less Allocation To:			
Administrative Support	786	668	716
Central Program Support	0	225	441
Central Services	10	38	122
Regulatory Enforcment & Animal Care	0	4,287	4,013
International Services	0	17	0
NET TO PROGRAM	$13,897	$9,460	$9,201
PROGRAM ALLOCATIONS			
Program Direction and Support:			
Staff Operations	641	294	154
Deputy Administrator	409	169	167
Regional Offices	648	753	523
Subtotal	1,698	1,216	844
Field Operations:			
Paid from Central Allocations:			
Miscellaneous Program Charges	890	788	741
NCAHIS	0	314	175
FERS	81	0	0
NVSL	0	0	0
Regional Specialists	0	0	0
Central Warehouse (supplies)	0	0	0
Grants and Agreements	0	0	0
Vehicles	0	0	125
IRM	0	0	0
Freight-UPS	0	0	25
Subtotal	971	1,102	1,066
Paid from Local Allocations:			
Distributable	11,119	6,724	7,381
Agreements (Laboratory & Clerical)	42	26	28
Agreements (Field)	0	0	0
PVPC Training	17	197	0
Subtotal	11,179	6,948	7,409
Total Program Allocation	$13,847	$9,265	$9,318

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
BRUCELLOSIS PROGRAM
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
Conference Action:	$65,617	$55,841	$62,786
Less Sequestration	0	0	(784)
Appropriation:	65,617	55,841	62,002
Less Allocation To:			
Administrative Support	3,511	2,537	3,061
Central Program Support	0	855	1,866
Central Services	47	144	458
International Services	0	65	0
Science and Technology	0	0	26
NET TO PROGRAM	$62,059	$52,240	$56,591
	======	======	======
Program Allocations			
Program Direction and Support:			
Staff Operations	1,484	520	552
Deputy Administrator	1,828	958	1,032
Regional Offices	1,127	989	1,089
Subtotal	4,439	2,466	2,673
Field Operations:			
Paid from Central Allocations:			
Miscellaneous Program Charges	1,694	3,073	3,825
NCAHIS	3,128	1,200	2,369
FERS	154	0	0
NVSL	35	0	0
Regional Specialists	510	485	545
Central Warehouse (supplies)	1,485	3,055	4,225
Grants and Agreements	110	97	158
Vehicles	0	0	1,219
IRM	1,295	137	1,865
PCFIA	1,600	1,975	3,600
FSIS	1,200	1,154	700
Freight-UPS	0	304	317
Fort Collins Computer Center	3,254	2,600	0
Subtotal	14,465	14,081	18,822
Paid from Local Allocations:			
Distributable	18,974	18,789	18,315
Agreements (Laboratory & Clerical)	2,386	2,976	2,880
Agreements (Field)	9,128	5,998	6,266
Agreements (ADP)	58	145	76
Indemnity	2,117	984	738
Depopulation	3,201	1,714	1,696
Other Contracts	0	38	185
Source of Supply	2,365	575	367

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
ANIMAL DISEASE DETECTION PROGRAM
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
Conference Action	$3,052	$4,800	$5,394
Less: Sequestration	0	0	(74)
APPROPRIATION	3,052	4,800	5,320
Less Allocation To:			
Administrative Support	163	218	263
Central Program Support	0	73	160
Central Services	2	12	39
Science and Technology	0	0	2
Net To Program	$2,887	$4,496	$4,856
	=====	=====	=====
PROGRAM ALLOCATIONS			
Program Direction and Support:			
Staff Operations	1,107	1,293	1,146
Deputy Administrator	85	82	89
Regional Offices	59	96	76
Subtotal	1,251	1,471	1,310
Field Operations:			
Paid from Central Allocations:			
Miscellaneous Program Charges	66	264	329
NCAHIS	0	314	188
FERS	6	0	0
National Vet Services Labs	0	0	0
Regional Specialists	0	0	0
Central Warehouse (supplies)	0	0	0
Grants and Agreements	200	229	193
Vehicles	0	0	92
IRM	0	47	23
Freight-UPS	0	0	24
Graduate Training	0	0	0
Other	0	0	0
Subtotal	272	853	848
Paid from Local Allocations:			
Distributable	822	1,026	1,314
Agreements (Lab & Clerical)	0	0	0
Agreements (Field)	108	0	0
NAHMS	830	1,088	1,651
Payment to Producers	0	73	0
PVPC Training	4	28	0
Subtotal	1,764	2,216	2,965
Total Program Allocation	$3,286	$4,540	$5,123
	=====	=====	=====

MCI	1,373	1,347	1,154
MST	385	390	485
Fee Services	3,339	2,586	1,144
Equipment	0	43	119
PVPC Training	77	130	0
Supplies	0	0	155
Other	648	297	44
Subtotal	44,052	36,011	33,623
Total Program Allocation	$62,956	$52,559	$55,118
	======	======	======

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
CATTLE TICK PROGRAM
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
Conference Action	$6,258	$6,258	$6,258
Less: Sequestration	0	0	(86)
Appropriation	6,258	6,258	6,172
Less Allocation To:			
Administrative Support	335	284	305
Central Program Support	0	96	186
Central Services	4	16	46
Science and Technology	0	0	3
NET TO PROGRAM	$5,919	$5,862	$5,632
Program Allocations			
Program Direction and Support:			
Staff Operations	111	205	99
Deputy Administrator	174	107	103
Regional Offices	254	242	266
Subtotal	539	554	469
Field Operations:			
Paid From Central Allocations:			
Miscellaneous Program Charges	450	344	381
FERS	41	0	0
Regional Specialists	45	47	106
Central Warehouse (supplies)	0	0	0
Grants and Agreements	0	0	0
Vehicles	0	0	107
Freight-UPS	0	32	28
Subtotal	536	423	621
Paid from Local Allocations:			
Distributable	4,819	3,961	3,850
Other Contracts	0	98	56
Source of Supply	0	45	10
Equipment	0	0	99
PVPC Training	7	86	0
Supplies	0	678	194
Other	0	0	524
Subtotal	4,826	4,867	4,732
Total Program Allocation	$5,901	$5,844	$5,822

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
IMPORT-EXPORT INSPECTION PROGRAM
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
Conference Action	$8,604	$8,604	$8,604
Less Sequestration	0	0	($118)
Appropriation	8,604	8,604	8,486
Less Allocation To:			
Administrative Support	460	391	419
Central Program Support	0	132	256
Central Services	6	22	63
Science and Technology	0	0	6
NET TO PROGRAM	$8,138	$8,059	$7,742
PROGRAM ALLOCATIONS			
Program Direction and Support:			
Staff Operations	1,631	1,619	1,743
Deputy Administrator	240	148	141
Regional Offices	335	365	384
Subtotal	2,206	2,131	2,268
Field Operations:			
Paid from Central Allocations:			
Miscellaneous Program Charges	682	473	524
NCAHIS	0	314	188
FERS	62	0	0
NVSL	0	0	0
Regional Specialists	0	0	0
Central Warehouse (Supplies)	0	0	0
Vehicles	0	0	121
IRM	0	0	117
Freight - UPS	0	0	38
Graduate Training	0	0	0
Reimbursements	(500)	(500)	(500)
Grants and Agreements	30	30	70
Subtotal	1,251	317	558
Paid from Local Allocations:			
Distributable	4,594	4,168	4,581
Agreements (Lab & Clerical)	15	7	7
Agreements (Field)	0	0	0
Import Centers	1,329	1,207	987
Other Contracts	0	12	15
Fee Services	13	27	57
Equipment	0	0	29
PVPC Training	10	72	0
Other	0	0	2
Subtotal	5,960	5,496	5,679
Total Program Allocation	$9,417	$7,962	$8,505

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
MISCELLANEOUS ANIMAL DISEASES AND PESTS
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
Conference Action	$1,998	$1,998	$1,300
Less Squestration	0	0	(18)
Appropriation	1,998	1,998	1,282
Less Allocation To:			
Administrative Support	107	91	63
Central Program Support	0	31	39
Central Services	1	5	9
Science and Technology	0	0	1
NET TO PROGRAM	$1,890	$1,872	$1,170
Program Allocations			
Program Direction and Support:			
Staff Operations	374	153	154
Deputy Administrator	56	34	21
Regional Offices	36	28	16
Subtotal	466	215	192
Field Operations:			
Paid from Central Allocations:			
Miscellaneous Program Charges	57	110	79
NCAHIS	0	268	10
FERS	5	0	0
National Vet Services Labs	20	0	0
Regional Specialists	107	97	85
Central Warehouse (supplies)	0	0	0
Grants and Agreements	255	295	176
Mission	178	137	0
Vehicles	0	0	22
IRM	0	0	37
Freight - UPS	0	12	6
Subtotal	622	918	415
Paid from Local Allocations:			
Distributable	368	220	154
Indemnity	340	226	0
Depopulation	0	0	0
Agreements (Laboratory & Clerical)	62	53	5
Agreements (Field)	0	0	0
Agreements - ADP	0	0	0
Other Contracts	0	0	0
Equipment	0	40	0
PVPC Training	2	39	0
Supplies	0	4	0
Other	4	0	0
Subtotal	776	583	159
Total Program Allocation	$1,864	$1,716	$766

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
NATIONAL POULTRY IMPROVEMENT PLAN
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
Conference Action	$219	$219	$219
Less Sequestration	0	0	(3)
Appropriation	219	219	216
Less Allocation To:			
Administrative Support	12	10	11
Central Program Support	0	3	7
Central Services	0	1	2
NET TO PROGRAM	$207	$205	$197
Program Allocations			
Program Direction and Support:			
Staff Operations	159	82	134
Deputy Administrator	6	4	4
Regional Offices	0	0	0
Subtotal	165	85	138
Field Operations:			
Paid from Central Allocations:			
Miscellaneous Program Charges	3	12	13
NCAHIS	0	0	0
FERS	0	0	0
NVSL	0	0	0
Vehicles	0	0	4
PVPC Training	0	0	0
Freight - UPS	0	0	1
Subtotal	3	12	18
Paid from Local Allocations:			
Total Program Allocation	$169	$97	$156

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
POULTRY DISEASES PROGRAM
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
Conference Action	$825	$643	$643
Less: Sequestration	0	0	(9)
Appropriation	825	643	634
Less Allcoation To:			
Administrative Support	44	29	31
Central Program Support	0	10	19
Central Services	1	2	5
NET TO PROGRAM	$780	$602	$579
	===	===	===
Program Allocations			
Program Direction and Support:			
Staff Operations	105	191	93
Deputy Administrator	23	11	11
Regional Offices	16	17	19
Subtotal	145	219	123
Paid from Central Allocations:			
Miscellaneous Program Charges	27	35	39
NCAHIS	0	0	0
FERS	2	0	0
Regional Specialists	65	66	98
Vehicles	0	0	11
Freight - UPS	0	4	3
Subtotal	94	105	151
Paid from Local Allocations:			
Distributable	237	219	243
PVPC Training	1	39	0
Subtotal	238	258	243
Total Program Allocation	$477	$582	$517
	====	====	====

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
SCRAPIE PROGRAM
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
Conference Action	$0	$0	$1,100
Less: Sequestration	0	0	(15)
Appropriation	0	0	1,085
Less Allocation To:			
Administrative Support	0	0	54
Central Program Support	0	0	33
Central Services	0	0	8
NET TO PROGRAM	$0	$0	$990
	====	====	===
Program Allocations			
Program Direction and Support:			
Staff Operations	0	0	62
Deputy Administrator	0	0	18
Regional Offices	0	0	13
Subtotal	0	0	93
Field Operations:			
Paid from Central Allocations:			
Miscellaneous Program Charges	0	0	67
Regional Specialists	0	0	29
Grants and Agreements	0	0	286
Vehicles	0	0	19
Freight - UPS	0	0	5
IRM	0	0	33
Subtotal	0	0	438
Paid from Local Allocations:			
Distributable	0	0	111
Mission	0	0	199
Indemnity	0	0	100
Depopulation	0	0	269
Subtotal	0	0	679
Total Program Allocation	$0	$0	$1,211
	===	===	=====

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
SWINE HEALTH PROTECTION PROGRAM
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
Conference Action	$3,265	$3,265	$3,265
Less: Sequestration	0	0	(45)
Appropriation	3,265	3,265	3,220
Less Allocation To:			
Administrative Support	175	. 148	159
Central Program Support	0	50	97
Central Services	2	8	24
Science and Technology	0	0	1
NET TO PROGRAM	$3,088	$3,058	$2,939
	=====	=====	=====
Program Allocations			
Program Direction and Support:			
Staff Operations	55	106	71
Deputy Administrator	91	56	54
Regional Offices	187	177	172
Subtotal	334	339	297
Field Operations:			
Paid from Central Allocations:			
Miscellaneous Program Charges	216	211	199
FERS	20	0	0
NCAHIS	0	314	188
Regional Specialists	80	88	54
Central Warehouse (supplies)	0	62	0
Grants and Agreements	0	0	0
Vehicles	0	0	56
IRM	0	0	23
Freight-UPS	0	16	14
Subtotal	316	691	534
Paid from Local Allocations:			
Distributable	2,798	2,336	2,381
Agreements (Laboratory & Clerical)	16	16	15
Agreements (Field)	0	237	0
Source of Suppley	5	0	0
PVPC Training	4	20	0
Subtotal	2,823	2,609	2,396
Total Program Allocation	$3,472	$3,639	$3,227
	=====	=====	=====

VETERINARY SERVICES ALLOCATIONS BY COST CENTER
TUBERCULOSIS PROGRAM
FY 1988 - 1990
($ IN THOUSANDS)

	FY 1988	FY 1989	FY 1990
Conference Action	$3,889	$3,889	$3,501
Less: Sequestration	0	0	(48)
Appropriation	3,889	3,889	3,453
Less Allocation To:			
Administrative Support	197	177	171
Central Program Support	0	60	104
Central Services	3	10	26
Science and Technology	0	0	2
NET TO PROGRAM	$3,689 ======	$3,643 ======	$3,150 ======
Program Direction and Support:			
Staff Operations	463	550	508
Deputy Administrator	108	67	58
Regional Offices	67	81	78
Subtotal	639	698	644
Field Operations:			
Paid from Central Allocations:			
Miscellaneous Program Charges	89	214	213
NCAHIS	0	314	188
FERS	8	0	0
NVSL	250	0	0
Regional Specialists	181	236	254
Central Warehouse (supplies)	187	92	229
Grants and Agreements	48	56	48
Vehicles	0	0	60
IRM	0	0	117
Freight-UPS	0	20	15
Graduate Training	0	0	0
Other	0	0	0
Subtotal	763	931	1,123
Paid from Local Allocations:			
Distributable	998	994	1,067
Agreements (Laboratory & Clerical)	40	55	51
Agreements (Field)	0	0	0
Indemnity	104	0	175
Depopulation	1,098	966	207
Source of Supply	108	0	0
PVPC Training	5	26	0
Subtotal	2,352	2,041	1,499
Total Program Allocation	$3,754 ======	$3,671 ======	$3,266 ======

Senator HARKIN. Anything else that you want to add to this, Dr. King?

Dr. KING. No, sir, we appreciate it.

Senator HARKIN. Thank you. I appreciate your forthrightness, too, and we will move ahead because I want to make sure we get this done before we move into our next cycle for next year. Thank you very much.

The subcommittee will stand adjourned.

[Whereupon, at 11:30 a.m., the subcommittee adjourned, subject to the call of the Chair.]

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